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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Ways and Means
Wednesday, February 25, 2026
10:56 a.m.
State Capitol, Conference Room 211 and via Videoconference

On the following measure:
S.B. 2961 S.D. 1, RELATING TO INSURANCE

WRITTEN TESTIMONY ONLY

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department **offers comments** on this measure.

The purpose of S.B. 2961 S.D. 1 is to expand and standardize additional living expenses (ALE) benefits for homeowners who suffer a total loss during a declared state of emergency. The bill requires insurers to allow ALE benefits to be used for the lease of a temporary primary residence, to issue a minimum four-month advance payment upon determination of a qualifying total loss, and to provide ALE benefits for at least thirty-six months, with extensions under specified rebuilding delay circumstances, subject to policy limits.

The Department recognizes the housing and recovery challenges faced by Hawaii residents following catastrophic events. Ensuring displaced policyholders have

access to stable housing and timely financial support following a disaster is an important consumer protection goal. At the same time, the Department's statutory role requires consideration of the potential impacts on insurance affordability, availability, and market stability.

ALE coverage, sometimes referred to as "loss of use" coverage, is a standard component of most homeowners and renters insurance policies. ALE helps pay the reasonable increase in living expenses when a covered loss makes a residence uninhabitable. This coverage is designed to maintain a policyholder's normal standard of living during the period of repair or rebuilding and may include temporary housing, increased food costs, storage, and other necessary expenses above the policyholder's normal day-to-day costs. ALE coverage is generally subject to a monetary limit - set percentage of the underlying policy coverage, time limit, and the requirement that expenses be reasonable, necessary, and documented.

Potential consumer benefits of S.B. 2961 S.D. 1 include:

- Provides policyholders with greater flexibility to use ALE benefits for temporary housing solutions, including manufactured homes, recreational vehicles, or other housing units that may better support long-term recovery;
- Requires advance payment of ALE benefits following a total loss, which may help policyholders secure housing and avoid immediate financial hardship;
- Establishes a minimum duration of ALE benefits following disasters, reflecting Hawaii's extended rebuilding timelines; and
- Reduces the period of displacement.

Market and cost considerations of S.B. 2961 S.D. 1 include:

- Advance payments and extended ALE durations may increase the severity and duration of catastrophe-related claims;
- Extended ALE obligations may increase homeowners' insurance premiums for all property owners statewide; and

- Increased statutory mandates and restrictions on insurer practices will be factors in the underwriting and ratemaking process and may reduce insurer participation and capacity in Hawaii's already limited insurance market.

If the committee is inclined to move S.B. 2961 S.D. 1, the Department requests a delayed effective date to allow ample time for insurers to update forms, filings, procedures, and systems.

The Department appreciates the Legislature's efforts to address Hawaii's disaster recovery challenges and looks forward to continued discussion on policies that balance strong consumer protections with long-term insurance affordability and market stability.

Thank you for the opportunity to testify on this measure.



Hawaii Legislative Council Members

Joell Edwards
Wainiha Country Market
Hanalei

Russell Ruderman
Island Naturals
Hilo/Kona

Dr. Andrew Johnson
Niko Niko Family Dentistry
Honolulu

Robert H. Pahia
Hawaii Taro Farm
Wailuku

Maile Meyer
Honolulu

Tina Wildberger
Kihei Ice
Kihei

L. Malu Shizue Miki
Abundant Life Natural Foods
Hilo

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Committee on Ways and Means

Wednesday, February 25, 2026
10:56AM Conference Room 211

RE: SB2961 SD1 - Homeowners Insurance - Strong Support

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

On behalf of the Chamber of Sustainable Commerce, we write in strong support of SB2961 SD1. The Chamber of Sustainable Commerce represents more than 580 small businesses, sole proprietors and entrepreneurs across Hawai'i committed to a triple bottom line: people, planet and prosperity.

When disaster strikes in Hawai'i, recovery is not linear. It is complex, expensive, and prolonged. Limited housing supply, high construction costs, permitting delays, labor shortages – all of these realities mean families are displaced far longer than most policies were originally designed to contemplate.

Additional Living Expense (ALE) benefits are not a luxury. They are the bridge between devastation and stability.

When survivors cannot promptly access housing funds, they are forced into unstable living situations, debt, or relocation away from their community. And when families are pushed out, our local economy fractures. Children leave schools. Workers leave jobs. Small businesses lose customers and employees. Recovery slows for everyone.

SB 2961 is practical and responsible. It requires insurers to provide a prompt advance of at least four months of ALE benefits following a total loss during a declared emergency – ensuring immediate housing stability when it matters most. It also establishes a minimum thirty-six-month duration for ALE benefits, with flexibility when rebuilding delays are outside the homeowner's control.

Chamber of
Sustainable Commerce
808.445.7606
P.O. Box 22394
Honolulu, HI 96823

www.ChamberofSustainableCommerce.org

Importantly, this measure does not increase policy dollar limits. It simply ensures that policyholders can meaningfully access the benefits they have paid premiums for – and that contractual time limits do not undermine real-world recovery timelines in Hawai'i.

Strong communities are the foundation of a healthy economy. When families can remain near their schools, jobs, and support networks, recovery becomes possible.

SB 2961 strengthens consumer protection, stabilizes local economies, and aligns insurance practices with Hawai'i's recovery realities.

We respectfully urge your support.

www.ChamberOfSustainableCommerce.org

February 23, 2026

Senate Committee on Ways and Means
The Honorable Senator Donovan Dela Cruz, Chair
The Honorable Senator Sharon Moriwaki, Vice Chair

Submitted via Hawai'i State Legislative Portal

RE: Strong Support for SB 2961 – Homeowners Insurance; Additional Living Expenses; ALE Benefits; Purchase or Lease of Temporary Primary Residence; Advance Payments; Extended Coverage

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

On behalf of United Policyholders¹ ("UP"), I write in strong support of SB 2961. This measure takes important steps to ensure that homeowners displaced by disasters have timely, practical access to additional living expenses (ALE) benefits so they can remain near their communities and rebuild with stability and dignity.

As the Legislature has recognized, Hawai'i faces unique challenges following catastrophic events, including limited housing supply, high rebuilding costs, and extended construction timelines. After a total loss, families often face long displacement periods and significant upfront housing costs. Delays in accessing ALE benefits or limitations on how those benefits may be used can force survivors into unstable housing, debt, or relocation away from their communities.

SB 2961 addresses these realities directly.

The bill requires insurers to issue a prompt advance payment of at least four months of ALE benefits following a total loss during a declared emergency, providing immediate housing stability at a critical moment. It also establishes a minimum thirty-six-month duration for ALE benefits, with extensions where rebuilding delays are outside the policyholder's control. These provisions recognize that disaster recovery in Hawai'i is complex and often prolonged due to permitting delays, material shortages, and labor constraints.

Importantly, SB 2961 does not expand policy dollar limits. Rather, it ensures that policyholders can meaningfully access the housing benefits for which they have paid premiums, and that contractual time limitations do not undermine the Legislature's intent to provide realistic recovery timelines during declared emergencies.

United Policyholders has worked extensively with policymakers and regulators across the country on post-disaster insurance recovery issues. Following major catastrophes, we consistently see that timely access to

¹ United Policyholders is a national nonprofit that has advocated for insurance consumers for more than 30 years. Recently in Hawai'i, UP has been actively supporting residents in the aftermath of the 2023 Maui wildfires through our Roadmap to Recovery® program, public workshops, and in-person assistance for survivors navigating insurance claims and rebuilding challenges. Our staff and volunteers—including Maui-based partners—have provided free guidance, educational resources, and advocacy to help homeowners understand coverage, secure benefits, and resolve disputes with insurers. We have also filed amicus briefs in Hawai'i courts and engaged with policymakers to strengthen consumer protections and improve disaster-recovery outcomes for residents across the state.



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www.uphelp.org

housing funds and realistic timeframes for displacement are critical to stabilizing families and communities. States that provide clear standards for advance payments, flexible housing options, and extended ALE timelines help ensure that insurance benefits serve their intended purpose: supporting recovery and allowing homeowners to rebuild as safely and efficiently as possible.

SB 2961 reflects these best practices. By improving flexibility in the use of ALE benefits, ensuring prompt advance payments, and aligning displacement timelines with Hawai'i's recovery realities, the bill strengthens consumer protection while maintaining policy limit integrity.

We respectfully urge your support for SB 2961.

Sincerely,

A handwritten signature in cursive script that reads "Amy Bach".

Amy Bach, Executive Director
United Policyholders

February 23, 2026

Senate Committee on Ways and Means

The Honorable Senator Donovan Dela Cruz, Chair

The Honorable Senator Sharon Moriwaki, Vice Chair

Submitted via Hawai'i State Legislative Portal

RE: Strong Support for SB 2961 – Homeowners Insurance; Additional Living Expenses; ALE Benefits; Purchase or Lease of Temporary Primary Residence; Advance Payments; Extended Coverage

Aloha Chair DelaCruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Peterson. Since March 2024, I live in Kula and I serve as an Equal Justice Fellow and United Policyholders Roadmap to Recovery Liaison, working directly with survivors of the August 8, 2023 Maui wildfires. In that role, I have met with and assisted numerous policyholders insured by a variety of insurance companies, educating them on how to read their policies and providing resources and support as they navigated their claims and rebuilding efforts.

Through this work, I have seen firsthand the limitations of existing Additional Living Expense (ALE), also known as Loss of Use, coverage.

For purposes of this bill, it is important to note that many insureds had only one year of ALE benefits. Others had two years. Some received lump sum payments structured to approximate limited displacement periods. In nearly every case, those timelines have proven insufficient for the realities of rebuilding in Hawai'i.

Shortly after the disaster, Insurance Commissioner Gordon Ito issued a memorandum requesting that insurers voluntarily extend ALE benefits to a minimum of two years. A number of survivors sought such extensions. To my knowledge, none of the policyholders with whom I have worked received an extension pursuant to that request.

Today, more than two years after the fires, I remain boots on the ground working with survivors and community organizations in Lahaina and Kula. I see families struggling to pay rent while also making mortgage payments on destroyed homes. I see survivors navigating permit delays, contractor shortages, material shipping constraints, and financing challenges. Rebuilding is not measured in months; it is measured in years.

SB 2961 provides needed clarity and stability. By requiring prompt advance payments and establishing a minimum thirty-six-month duration of ALE benefits following a total loss during a declared emergency — with extensions where delays are outside the policyholder's control — this bill aligns insurance protections with Hawai'i's real-world recovery conditions.

Importantly, SB 2961 does not expand policy dollar limits. It ensures that displacement coverage reflects the practical timelines of disaster recovery in this State.

Housing stability is foundational to recovery. Without it, families face unnecessary financial hardship, displacement from their communities, and prolonged instability during an already traumatic time.

Based on my direct experience working with wildfire survivors over the past year, I respectfully urge your support for SB 2961.

Mahalo for your consideration.

Sherry Peterson
Equal Justice Fellow
United Policyholders Roadmap to Recovery Liaison

Support for SB 2961 – Additional Living Expenses (ALE) Reform

Aloha e Chair and Members of the Committee,

My name is Hi‘ilei K. Casco and I am a resident of Maui. For the past year and a half, I’ve worked as a staff attorney for PONO Legal, a non-profit legal aid organization dedicated to providing free legal services for Maui’s disaster-impacted community members.

Through my work, I’ve learned that many families in our community are displaced for far longer than expected. Rebuilding in Hawai‘i takes a much longer time due to geographic isolation, preexisting housing shortage, high cost of living, and reliance on limited and fragile supply chains for construction materials. Yet, many homeowners insurance policies provide limited additional living expenses (ALE) benefits that expire long before rebuilding can be completed.

SB 2961:

- Allows ALE benefits to be used for leasing a housing unit, including a manufactured home or RV
- Requires insurers to provide a prompt advance payment after a total loss during a declared emergency
- Establishes a minimum 36-month duration for ALE benefits when a total loss occurs during a declared emergency
- Allows extensions when rebuilding delays are outside the homeowner’s control

This bill does not increase policy dollar limits. It ensures that families can meaningfully access the housing benefits they have already paid for.

I respectfully ask you to support SB 2961.

Mahalo,

Hi‘ilei Casco

TESTIMONY IN SUPPORT OF SB 2961
Committee on Commerce and Consumer Protection

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

My name is Stacey Ann L. Casco, and I serve as a HUD Certified Housing Counselor and Community Engagement Specialist. I am submitting this testimony in strong support of SB 2961, which strengthens housing stability during long-term disaster recovery.

In the aftermath of the Maui wildfires - and consistent with other major disaster recoveries - families have been displaced far longer than anticipated. In Hawai'i, the rebuilding timeline is extended by permitting delays, labor shortages, supply chain challenges, and the exceptionally high cost of materials and construction. As a result, many clients exhaust their Additional Living Expenses (ALE) benefits long before their homes can be rebuilt.

When ALE benefits expire prematurely, families face untenable choices: taking on new debt, relocating away from their home communities, or moving into unstable or unsafe housing.

SB 2961 provides practical and necessary consumer protections by:

- Allowing ALE benefits to be used for leasing a housing unit, including a manufactured home or RV;
- Requiring insurers to provide prompt advance payments after a total loss during a declared emergency;
- Establishing a minimum 36-month ALE benefit duration when a total loss occurs in a declared emergency;
- Allowing extensions when rebuilding delays are beyond the homeowner's control.

For these reasons, I respectfully urge the Committee to pass SB 2961.

Mahalo,

Stacey Ann L. Casco
Phone: (808) 281-8047
Email: stacey.casco.maui@gmail.com

SB-2961-SD-1

Submitted on: 2/24/2026 10:04:32 PM

Testimony for WAM on 2/25/2026 10:56:00 AM

Submitted By	Organization	Testifier Position	Testify
Jackie Keefe	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DelaCruz, Vice Chair Moriwaki, and Members of the Committee,

My name is Jackie Keefe, and I am a resident of Lahaina. I ask you today to **please pass SB2961 SD1**, which provides needed clarity and stability for homeowners (aka insurance policyholders).

I want to thank you for hearing this bill this session and emphasize the importance of listening to the expertise of Sherry Peterson with United Policyholders. She has been working directly with fire survivors since August of 2023, and she knows better than anyone the barriers that Lahaina homeowners have faced.

I have also worked as an advocate for Lahaina fire survivors in different capacities over the past 30 months, and I have seen directly how differently fire survivors have experienced their insurance from one company to the next. I think that it's important to note that *insurance is a legally required service that consistently falls short of the support that policyholders need*. We live in a time with accelerating natural (and unnatural) disasters that makes insurance seem quite antiquated, and that is especially true if we do not have protections for people codified into state law.

By requiring prompt advance payments and establishing a minimum thirty-six-month duration of additional living expenses (ALE) benefits following a total loss during a declared emergency — with extensions where delays are outside the policyholder's control — this bill aligns insurance protections with Hawai'i's real-world recovery conditions.

Importantly, SB 2961 does not expand policy dollar limits. It ensures that displacement coverage reflects the practical timelines of disaster recovery in this State.

Housing stability is foundational to recovery. Without it, families face unnecessary financial hardship, displacement from their communities, and prolonged instability during an already traumatic time.

Please pass SB2961 SD1 because we know that Lahaina will not be the last disaster, and we need to ensure that our people are protected.

Mahalo for your consideration.

Jackie Keefe, Lahaina