

BOARD OF DIRECTORS  
HAWAII HURRICANE RELIEF FUND (“HHRF”)  
MINUTES

Date: Thursday, July 25, 2024

Time: 10:00 a.m.

Meeting Location: King Kalakaua Building, First Floor  
335 Merchant Street  
Honolulu, HI 96813

Virtual: Virtual Videoconference Meeting - via Zoom (use link below)  
<https://dcca-hawaii-gov.zoom.us/j/89262552433?pwd=CBq1y8XodbwpQWPIcaaLdSfp0p3yyR.1>  
Meeting ID: 892 6255 2433  
Passcode: 551951

Zoom Recording Link: <https://youtu.be/gZ-hQQVQZeA>

Present: Gordon Ito, Insurance Commissioner, Board Member  
Leslie Door, Board Member  
Ed Haik, Board Member (Virtual)  
Michael Nonaka, Board Member (Virtual)  
Reina Miyamoto, Board Member (Virtual)  
Christopher Han, Deputy Attorney General

Excused: Blair Akiona, Board Member  
Marie Weite, Board Member

Guests:

Call to Order: A roll call was conducted for all Board Members of the HHRF (“Board”) confirming the Board had met quorum.

At 10:04 a.m. HST Commissioner Ito called the meeting to order and announced that the meeting notice, with agenda, was posted pursuant to HRS § 92-3, and the meeting was being recorded.

Commissioner Ito also noted that all attendees in person, or virtually, were welcome to submit testimony orally on any agenda item(s) and that no written testimony had been received.

I. Presentation by the Insurance Commissioner:

A. Purpose of HHRF

Pursuant to Hawaii Revised Statutes, chapter 431P, one of the purposes of HHRF, and the board, is to monitor the availability of property insurance, particularly hurricane-property insurance coverage. He also noted that the HHRF is in a state of dormancy, but if the board determines that there is a lack of availability for hurricane-property insurance, then the board could move forward to reactivate the HHRF and offer hurricane coverage at a future point.

B. Background history

- After Hurricane Iniki in 1992, Kauai and Oahu incurred problems with the insurance market. Hurricane Andrew also struck Florida that year and destabilized the insurance market as well. Resultingly, the availability of homeowners insurance became very limited, if not unavailable.
- The insurance market continued to deteriorate and in 1993 motor vehicle insurance also became unavailable.
- To address this, legislators and the administration worked together to establish the Board and HHRF and the HHRF began issuing policies. When the voluntary insurance market recovered, the HHRF was placed in inactive status and stopped issuing hurricane policies.

C. Chapter 431P, Hawaii Revised Statutes (HRS)

- HRS § 431P-4 tasks the board with monitoring the availability of the property insurance, particularly hurricane-property coverage. The board will look at whether there is a lack of availability of hurricane insurance, and
- A letter to the Governor has been drafted and sent to the Governor requesting that some provisions in HRS chapter 431P be waived.

II. State of the Hurricane Insurance Market

A. Single-Family Homes: the board discussed that:

- Hawaii is currently in a hard market, with lack of availability and high premiums.
- Insurers have tightened underwriting standards.

B. Condominiums: the board discussed that:

- Reinsurance costs have increased at least twenty percent.
- An insurer placed sub-limits on condominium policies of \$25 million.
- If replacement cost of a condominium is \$100 million for hurricane and a carrier will only cover \$25 million, the condominium will need to purchase additional layers of coverage for full coverage.
- Condominiums are purchasing this additional coverage from surplus carriers who are not regulated by the Insurance Commissioner.
- HHRF will need to look at whether it can provide a layer of coverage.

C. Townhomes: the board discussed that:

- These are wooden one to three story buildings.
- Policies for townhomes in some areas are not being renewed.
- Coverage for fire is still available and hurricane coverage is limited.

III. Possibly Restarting the HHRF

A. Organizational

1. Identify revenue sources: the board discussed:

- HHRF is governed by HRS chapter 431P.
- The HHRF currently has approximately \$171 million in reserves.
- The fund went dormant, but was not shutdown.

2 Offices and staff: the board discussed:

- Restarting may require hiring officers, staff, and technical support and obtaining an office location.

B. Operational:

- The board discussed that the HHRF has the general powers described in HRS section 431P-5.

IV. Discuss Legislative alternatives to stabilize insurance in the condominium market and HB2686/SB3234: the board discussed:

- HB 2686 and SB 3234 from the 2024 legislative session attempted to address insurance market stabilization, but ultimately did not pass out of conference.

The floor was opened for comments. No comments were submitted by those attending in-person or online, nor were any comments submitted by members of the public.

Next Meeting: August 9, 2024, 10:00 a.m. H.S.T., Queen Liliuokalani Conference Room, King Kalakaua Building, 1st floor and virtually via Zoom

Adjournment: 10:40 a.m.