



HAWAII STATE LEGISLATURE  
Ka 'Aha'ōlelo Moku'āina 'Ō Hawai'i

STATE CAPITOL  
415 SOUTH BERETANIA STREET  
HONOLULU, HAWAII 96813

April 4, 2025

TO:

Edward Haik, Chair  
Hawaii Hurricane Relief Fund,  
Board of Directors

Matthew Cheung, Plan Administrator  
Hawaii Property Insurance Association

Michael Nonaka, Vice Chair  
Hawaii Hurricane Relief Fund,  
Board of Directors

Teri Fabry, Plan Administrator  
Hawaii Property Insurance Association

RE: *April 4, 2025 CPN-CPC Informational Briefing Follow-Up*

Aloha,

On behalf of the Hawaii State Senate Committee on Commerce and Consumer Protection ("CPN") and the House Committee on Consumer Protection and Commerce ("CPC"), thank you for participating in the joint informational briefing held on April 4, 2025. This letter is intended to seek further clarification of the information you recently provided to the committees, and your response is respectfully requested no later than Friday, April 11 at 2:00 P.M.

1. Does the Hawaii Hurricane Relief Fund ("HHRF") and Hawaii Property Insurance Association ("HPIA") plan, outlined in a recent Star-Advertiser article, include high-rise condominium properties built before 1975 that are covered by the City and County of Honolulu's *Ordinance 22-2* sprinkler retrofit requirements?
2. If your answer to the question above is an unequivocal "yes," how will HHRF and HPIA prioritize smaller-sized condominium properties with 125 units or less against "well-maintained reinforced concrete high-rises, with the amount of insured value up to \$350 million per property" (*referring to comments from Mike Nonaka, HHRF Board Chair in the Star-Advertiser article*)?

[See **Attachment "A"**: *Hawaii condo insurance relief on horizon* – Honolulu Star Advertiser (April 4, 2025)].

3. Does HHRF/HPIA intend to reduce the ceiling of the amount of insured value from \$350 million per property?
4. With respect to the comment that “...*about 60% of Hawaii condo associations have had to rely on more expensive surplus carriers for at least partial coverage,*” what is HHRF/HPIA's estimate for the distribution between catastrophic disaster/hurricane insurance coverage versus property/casualty coverage associated with maintenance/fire safety improvements?

In other words, what percentage of the insurance coverage would be handled by HHRF in comparison to the percentage of coverage that would be handled by HPIA?

5. Given concerns expressed by multiple legislators about the public's perception that the HHRF/HPIA will be used to benefit the wealthiest property owners in the state, what assurances can you provide that vulnerable property owners, those who would otherwise not be able to afford one hundred percent (100%) coverage, will be able to access and benefit from the policies to be made available by HHRF/HPIA?
6. In connection with the question above, is HHRF/HPIA still considering an owner-occupant requirement for an association to be eligible for an HHRF/HPIA managed policy?
7. If it is HHRF/HPIA's belief that a diversified policy portfolio would attract additional insurers to participate in the program, what is the ideal ratio for Hawaii's market?

Should you have any questions or require clarification on the aforementioned, please contact Senator Keohokalole at (808)-587-725 or [senkeohokalole@capitol.hawaii.gov](mailto:senkeohokalole@capitol.hawaii.gov), or Representative Matayoshi at (808)-586-8470 or [repmatayoshi@capitol.hawaii.gov](mailto:repmatayoshi@capitol.hawaii.gov).

Sincerely,



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Senator Jarrett Keohokalole  
Committee on Commerce and  
Consumer Protection



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Representative Scot Z. Matayoshi  
Committee on Consumer Protection and  
Commerce

Enclosed: Attachment “A”

# ATTACHMENT "A"

## Hawaii condo insurance relief on horizon



By [Andrew Gomes](#)

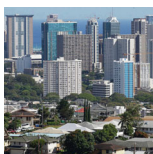
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[JAMM\\_AQUINO/JAQUINO@STARADVERTISER.COM](mailto:JAMM_AQUINO/JAQUINO@STARADVERTISER.COM)

A skyline of condominiums and single family homes in the foreground are seen on Monday, May 8, 2023, in Honolulu.



Relief for many Hawaii condominium owners paying sky-high insurance premiums may be available soon under a state program.

Administrators of the state's dormant Hawaii Hurricane Relief Fund are preparing to begin offering hurricane insurance policies in June to one or more types of condo association properties.

HHRF's planned coverage would be less expensive than what is currently offered by "surplus" insurance carriers that many condo associations have had to rely on to obtain full coverage in instances when three regulated insurers, which serve the local market with lower premiums, decline to insure the full value of a condo project.

In addition to HHRF's plan, the nonprofit Hawaii Property Insurance Association is preparing to offer insurance to condo associations for other perils if it can share a loan from the state to HHRF pending approval at the Legislature.

However, some state lawmakers are raising concerns over parameters of the two plans, fearing that much of the benefit could go to wealthy condo owners or condo projects that are easier to insure because they have lower risks.

HHRF and HPIA leaders briefed a pair of House and Senate committees Thursday on their efforts to give condo owners new options for more affordable coverage.

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The hurricane fund, which operated from 1993 to 2000 in response to insurance market distortions after Hurricane Iniki, has about \$170 million in leftover funding that would be used to buy enough reinsurance to cover roughly \$10 billion in condo projects statewide.

Paul Eaton, an executive with insurance firm Aon advising HHRF, told the committees that such insurance could support at least 300 of the state's roughly 2,000 condo properties.

"That's a significant amount of capacity deployed," he said.

Eaton estimated that about 60% of Hawaii condo associations have had to rely on more expensive surplus carriers for at least partial coverage. He also said some associations are not insuring their properties against total loss, which has made those condos harder to sell because many lenders require full coverage.

HHRF also is seeking legislative approval for a potential \$200 million state loan to expand coverage if demand exceeds what it can supply using its current capital. Senate Bill 1044, which would provide the extra funding, is being considered by lawmakers.

However, several members of the two legislative committees briefed Thursday expressed reservations about the types of properties HHRF and HPIA intend to cover.

Mike Nonaka, HHRF board vice chair, said coverage for an initial phase expected to start in June aims to prioritize well-maintained reinforced concrete high-rises, and that the amount of insured value would be up to \$350 million per property. HPIA's planned expansion has the same focus.

Sen. Jarrett Keohokalole, chair of the Senate Committee on Commerce and Consumer Protection, said it seems like the relief is being aimed at a safer segment of the market.

“Why are we starting with those guys?” he asked. “Those are likely not the buildings that are going to fall over in a hurricane event.”

Keohokalole (D, Kaneohe-Kailua) also is concerned that the \$350 million maximum insured value per condo project caters more to luxury condo owners whose finances aren’t being affected as much by insurance costs compared with owners of less pricey condos.

“I’m hoping that you’re going to be able to say that you’re not building this program to begin by providing gap insurance for the richest people in the state in the fanciest high-rises in the state first,” he said.

Eaton said the program is intended to be available to 99% of all condo properties in the state without regard to the income of owners or value of individual condo units. Eaton also said designing an insurance product for condo associations based on demographics of individual unit owners would be problematic.

Scot Sterenberg, an HPIA administrator, told committee members that some high-rises in Honolulu built more than 50 years ago have values around \$350 million, and that they are among the most challenging to insure because they don’t have fire sprinkler systems.

Still, Rep. Scot Matayoshi, chair of the House Committee on Consumer Protection and Commerce, suggested that the upper limit for insurance value coverage be reduced so that luxury condo associations can’t use up a lot of the limited relief coverage in the works.

“Setting the cap at a lower rate will prevent those larger, more expensive condos — the luxury condos, frankly — from eating up all of your capacity and not leaving anything for the rest of them,” said Matayoshi (D, Kaneohe-Maunawili).

Jerry Bump, the state's acting insurance commissioner and an HHRF board member, said the board can consider suggested adjustments.

Eaton also said that all types of condo properties, including wood-frame townhomes, may be able to purchase hurricane insurance from HHRF when initial coverage becomes available in June as planned.

Condo property coverage through HPIA is a longer-term prospect because it relies on an appropriation from the Legislature passed through HHRF.

Currently, HPIA has about 2,200 policyholders statewide for various types of residential property insurance other than condo association master policies. But the nonprofit, founded in 1991 to initially provide insurance to owners of homes in the highest-risk lava zones on Hawaii island, has only enough capital to maintain the coverage it has now.

HPIA seeks \$20 million to \$50 million of the \$200 million loan sought by HHRF to buy more reinsurance to start covering condo projects.

The \$200 million loan would come from reimbursable state general obligation bonds that HHRF could sell over the next two fiscal years if demand for insurance exceeds what it plans to provide using the \$170 million it has now. Premiums paid by policyholders would repay the bonds at no expected cost to taxpayers.

Property insurance rates in Hawaii have spiked in recent years mainly due to higher costs for reinsurance driven by a rise in catastrophic damage incidents globally. The Aug. 8, 2023, Maui wildfire disaster, which caused an estimated \$3.3 billion in insured losses, also made Hawaii a higher-risk state for coverage. As a result, fewer companies are writing policies,

while others have reduced how much coverage they provide on high-value properties like condo projects.

In August, Gov. Josh Green signed an emergency proclamation to help the HHRF and HPIA sell policies to Hawaii condo associations struggling with insurance costs and coverage. Premium prices have somewhat subsided since then but remain high.

SB 1044 was passed by the Senate in a 25-0 vote on March 4, and is expected to be voted on by the 51-member House soon, after clearing two House committees in March. However, an agreement on final terms of the bill could be subject to a joint House and Senate committee.



**11 COMMENTS**

