

General

1. What is the Hawaii Hurricane Relief Fund (HHRF)?

- Created in 1993, the HHRF serves to provide hurricane property insurance policies in Hawaii in the event they are not available in the private market. Currently, the HHRF is being used to stabilize the cost of Hurricane coverage for the Condominium and Townhouse Association of Apartment Owners (AOAOs) market by providing excess hurricane commercial property insurance policies for AOAOs.
- Further information can be found under the “About the Hawaii Hurricane Relief Fund” tab.

2. What kind of insurance does the HHRF provide?

- Hurricane-only commercial property insurance for Condominium and Townhouse Association of Apartment Owners (AOAO) located throughout the State of Hawaii, also known as condo master policies. The HHRF does not provide insurance for individual condo units and only covers association property.

The HHRF only provides coverage for property losses that occur as a result of wind-related damage caused by a hurricane. The HHRF policy must be purchased alongside at least one companion property insurance policy covering all-other-perils and primary hurricane insurance.

- Note FAQ “What types of coverage does an insurance policy from the HHRF provide?” for more information.

3. How are the prices for HHRF policies set?

- The HHRF rates are set to be actuarially sound and cover the long-term costs associated with hurricane risk. Per the Hawaii Revised Statutes (HRS) §431:14-103(a)(1), “[r]ates shall not be excessive, inadequate, or unfairly discriminatory.”
- More information on actuarial ratemaking principles can be found at: [Statement-Of-Principles-Ratemaking](#).
- The cost of insurance depends on a number of factors including location, size of building, type of building, number of buildings, age of building, and the coverage required. Consult an agent for more information.
- The two Hawaii companies that are operating as servicing facilities on behalf of the HHRF will charge the same price for the same coverage assuming that the facts provided to each are the same.

4. When will the HHRF begin providing quotes and issuing policies?

- The HHRF servicing facilities are currently open to receiving applications from Hawaii licensed insurance producers.

- The HHRF servicing facilities must receive receipt of payment for quoted premiums before coverage will be bound.
 - The HHRF will establish a statewide moratorium on new policy applications any time a hurricane watch or warning for any island of Hawaii is issued by the Central Pacific Hurricane Center division of the National Weather Service. The moratorium extends until 72 hours after the watch or warning expires. During a moratorium, policy applications will not be accepted, coverage cannot be bound, and policy changes made to add/increase coverage will not be allowed.
5. Who are the HHRF servicing facilities?
- HEMIC Insurance Managers, Inc.
 - Zephyr Insurance Company, Ltd.
6. What is the policy term length and is there a limit in how long an AOA can seek coverage through the HHRF?
- Each HHRF policy term is set for one year.
 - AOAOs that want HHRF coverage for more than one year must apply each year for new coverage before their existing policy expires if they want to keep HHRF coverage in effect.
 - AOAOs may renew their policy before the natural 12-month expiration of the policy to align their HHRF policy with the master property policy. In this case, the prior policy will be cancelled, and a credit will be applied to the renewal policy premium based on the premium charged for the current policy multiplied by a factor. This factor is calculated based on the number of months the current policy was in force, where each month's weighing reflects the seasonal nature of hurricane risk.
 - The HHRF does not currently have any limitations on how many renewal policies an AOAO can receive from the HHRF.
7. How long do you anticipate the HHRF program to be in place?
- The HHRF Board of Directors has the authority to sunset the HHRF in the future if the private insurance market is determined to be stable enough to no longer require the HHRF to provide policies. There are currently no requirements for the HHRF to sunset at a certain time.
8. What types of coverage does an insurance policy from the HHRF provide?
- The HHRF offers a maximum limit of insurance of \$140 million. If you require insurance above this value, you must purchase a separate Hurricane Excess insurance policy in addition this.
 - The policy has a fixed deductible of 2% per building.

- The policy will cover the replacement cost for the Building and Business Personal Property, up to the stated policy limit, in the event of a hurricane loss.
- The HHRF policy coverage is an excess insurance policy so you must have already purchased a separate, primary property insurance policy (Hurricane Master Property Policy) to cover you for losses below the attachment. The attachment (point at which this policy starts to pay recoveries on losses) is the Hurricane Master Property Policy limit plus the HHRF policy deductible. The minimum Hurricane Master Property Policy limit is \$10 million.

9. How does my Hurricane Master Property Policy deductible interact with my HHRF deductible?

- The HHRF assumes a deductible equal to 2% of building value on all policies. This means if an association has a value of \$100 million, their deductible will be \$2 million.
- The HHRF will begin to pay claims on losses above 2% of the building value (i.e. the deductible) plus the Hurricane Master Property Policy limit, independent of the Hurricane Master Property Policy deductible.
- Therefore, if an association has a value of \$100 million and it incurs a loss of \$14 million, the HHRF will pay \$2 million in recoveries if the Hurricane Master Property Policy has a limit of \$10 million.

10. Who is responsible for the claims?

- The HHRF board has appointed Sedgwick Claims Management Services Inc. to be responsible for receiving notices of loss. Both Sedgwick Claims Management Services Inc. and Crawford and Company, Inc. are responsible for adjusting claims on behalf of the HHRF.

11. What is the financial rating of the program?

- Since the HHRF has authority from the State of Hawaii to assess private market insurers or issue bonds in the event it cannot meet its claims obligations, a financial rating (via a rating agency like A.M. Best or Demotech) will not be applicable.

12. How can I learn more about the HHRF's rules and policies?

- The full policy, underwriting rules, and related forms are available to download on the website.

Producer

1. I'm a licensed property insurance producer, how do I submit an application for my clients?

- The HHRF partnered with the following companies that are operating as servicing facilities on behalf of the HHRF. You may contact either company to submit an application for coverage. The contact details are below:

HEMIC Insurance Managers, Inc.	Zephyr Insurance Company, Inc.
Evelyn Hara Director, HEMIC Subsidiaries HIMIQuotes@hemic.com	1001 Bishop St., Suite 2750 Honolulu, HI. 96813 808-440-5400 HHRFInfo@zephyrinsurance.com

2. Why does the State want more than one servicing facility?

- To ensure efficient management and broad service delivery covering all potential policyholders in Hawaii.

3. What do we need to submit for a quote?

- For new business, a signed application form, a signed Affidavit of Diligent Effort form, and a signed Affidavit of Additional Policies must be sent to the servicing facility at least 30 days in advance of the desired effective date.

4. What companion policies are needed for a quote?

- An All Other Perils Master Property Policy (or Policies) which should cover the full association value for perils other than hurricane.
- A Hurricane Master Property Policy which should cover the portion of AOA losses below the HHRF policy.
- A Hurricane Excess Policy will be required to cover the portion of losses above the HHRF if the HHRF limit of \$140 million and the Hurricane Master Property Policy limit is insufficient to cover the value of the AOA.

5. When can I apply for a quote?

- For new business, applications must be submitted at least 30 days in advance of the desired effective date and quotes can be generated up to 60 days in advance.

6. Is backdating allowed?

- AOAs can backdate coverage up to 10 days by completing a No Known Loss Affidavit form which states the AOA has not received any claims from the desired effective date to date and time of premium payment.

7. I'm a licensed property insurance producer, do I need to be appointed by the HHRF to get my client an HHRF policy?
 - The HHRF does NOT appoint insurance producers and there is no process or requirement to be appointed by the HHRF.
 - Further, insurance producers are NOT required to be appointed by any of the HHRF's servicing facility partners.
 - The only requirement for insurance producers is to have a current insurance license with property lines of authority with the State of Hawaii pursuant to HRS §431:9A.
 8. Will more than one insurance producer be able to get a quote for a specific AOA?
 9. What is the commission rate?
 10. How long will it take for a quote to be generated?
 11. What is the binding process?
 12. How will the billing work?
 13. How will policy issuance be handled?
- There is no efficient way to monitor duplicate submissions or lock out other insurance producers. There will be no price difference between servicing facilities, assuming submitted application information is the same.
 - The commission rate is 5% of premium, up to a maximum of \$5,000.
 - That will depend on the completeness of your submission. It is the HHRF's expectation that all the servicing facilities will provide a high level of customer service.
 - For new business, the information required for a quote must be submitted to the servicing facility at least 30 days in advance of the desired effective date.
 - Coverage is bound upon receipt of payment.
 - If not already received, the agent will also have to provide the servicing facilities with copies of Declaration pages for the master property policies and any excess policies verifying coverage placement. Failure to do so in a timely manner may lead to the issuance of notices of cancellation.
 - Policies are insurance producer billed. The insurance producer will be responsible for collecting the premium and submitting the balance to the servicing facility less their commission.
 - Premium must be paid IN FULL.
 - Once the servicing facility has received the payment receipt, an HHRF policy will be issued.
 - Issued policies will be sent electronically to the agent for distribution to the AOA.

- Policies will not be printed or mailed.
- If not already received, the agent will also have to provide the servicing facilities with copies of Declaration pages for the master property policies and any excess policies verifying coverage placement. Failure to do so in a timely manner may lead to the issuance of notices of cancellation.

14. How will we process mid-term changes?

- For changes in limits and/or coverage, an updated signed application form must be submitted to the servicing facility. A new seasonal pro-rata quote will then be issued with a difference in premium to pay. The difference in premium must be paid by the desired mid-term change date for the policy change to be effective.

15. Am I required to use excel when submitting an application?

- We strongly encourage you to use the excel version of the application since it contains data validation for several of the key rating variables and will expedite quote generation since the Servicing Facilities leverage an identical format to input into the Rater Workbook.

16. Where can I find the Application, Affidavit of Diligent Effort form, Affidavit of Additional Policies, and No Known Loss Affidavit?

- Under the "Forms" tab.

17. What if I don't know all the AOA building attributes required in completing an application?

- It is very important to understand that the signed application becomes part of the contract between the policyholder and insurance carrier. As such, diligence is required to ensure the application is submitted accurately and completely.

18. Will I get different quoted premiums if I submit the same application to both Servicing Facilities?

- Both Hawaii companies that are operating as servicing facilities on behalf of the HHRF will charge the same price for the same coverage assuming that the facts provided to each are the same.

Policyholder

1. Is the HHRF insurance policy acceptable for mortgages?

- Yes. Subject to the policy's terms and conditions, the HHRF offers full replacement cost coverage, up to the policy limit, for a hurricane loss with a mandatory 2% deductible and a Hurricane Master Property Policy. These terms are compatible with the rules promulgated by Fannie Mae and Freddie Mac. Further, as a State Affiliate entity providing insurance coverage, the HHRF qualifies for Fannie Mae and Freddie Mac standards according to:
 - Freddie Mac: [Guide Section 4703.1](#)
 - Fannie Mae: [General Property Insurance Requirements for All Property Types | Fannie Mae](#)

2. What AOAOs are eligible for HHRF policies?

- All AOAOs in the State of Hawaii are potentially eligible as long as the total insured value of the AOA's buildings exceeds \$10 million.
- State law requires that an AOA is denied coverage by at least two state licensed insurance companies.
- Contact your insurance producer to apply for coverage from an authorized HHRF servicing facility. Your insurance producer is responsible for documenting declination letters or limited coverage from other insurers to then use in the qualification process for the HHRF policy.

3. What if my Association isn't eligible?

- The HHRF will continue to monitor the AOA insurance marketplace in Hawaii and develop solutions as needed to stabilize that market. The HHRF may consider writing policies with limits greater than \$140 million or address AOAOs with values below \$10 million in the future.

4. How does an Association apply for an HHRF policy?

- HHRF policies can only be purchased through a Hawaii licensed property insurance producer.

5. Does the premium change if my underlying AOA policy offers a higher limit?

- Yes, the premium will reduce if the HHRF coverage attaches at a higher level, subject to a minimum premium of \$2,000.
- For example, an association with a total insured value of \$150 million that purchases an HHRF policy with a limit of insurance of \$140 million for losses bigger than \$10 million plus the deductible, will pay a higher premium than if the Association purchases a limit of insurance of \$130 million with the HHRF for losses bigger than \$20 million plus the deductible.

- Note in the example above, to be eligible for the HHRF program you must purchase a separate insurance policy to cover losses between \$10 million and \$20 million above the deductible. Therefore, you should discuss with your insurance producer what combination of insurance policies best fits your needs.
6. What if I have an admitted carrier offering coverage but they are giving me a premium quote using Consent to Rate (“CTR”) pricing?
- State law requires that an AOA is denied coverage by at least two state licensed insurance companies (not including Surplus Lines companies) to be eligible for coverage through the HHRF. CTR pricing is not classified as a declination and therefore does not make an AOA eligible for the HHRF.
7. Can I cancel my existing insurance and replace it with an HHRF policy?
- If you have existing insurance through an admitted carrier, then you are not eligible for an HHRF policy.
 - If you have existing insurance through a non-admitted Surplus Lines insurer, it is not recommended to cancel your existing insurance and replace it with an HHRF policy. The HHRF policy requires that the AOA is fully insured with other insurance providers to cover the hurricane risk below the HHRF attachment (and, potentially, above the HHRF limit) and the non-hurricane risk. Canceling existing policies may incur premium cancellation penalties and/or may frustrate your existing insurance panel and cause them to decline to provide the necessary coverage in the future to supplement the risk the HHRF does not cover. Please consult with your insurance producer first on a recommended approach.
8. How do I obtain a Certificate of Insurance?
- Certificates of Insurance may be issued by a licensed insurance producer following policy issuance.