



**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA

**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
**KA 'OIHANA PILI KĀLEPA**  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
cca.hawaii.gov

**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HO'OKELE

**DEAN I HAZAMA**  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

## **Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**House Committee on Consumer Protection & Commerce**  
**Thursday, April 13, 2023**  
**2:15 p.m.**  
**Conference Room 229 & Via Videoconference**

**S.C.R. 48, S.D. 1, REQUESTING THAT THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS COMPILE PERTINENT DATA TO DETERMINE THE APPROPRIATE SCOPE OF A STUDY ANALYZING WHETHER IMPLEMENTATION IN THIS STATE OF LAWS SIMILAR TO CAPTIVE INSURANCE LAWS OF MASSACHUSETTS WOULD ADDRESS THIS STATE'S RESIDENTIAL CONDOMINIUM PROPERTY INSURANCE NEEDS.**

Chair Nakashima and Members of the Committee:

My name is Nadine Ando and I am the Director Nominee for the Department of Commerce and Consumer Affairs (DCCA or Department). The Department supports this concurrent resolution.

The purpose of this concurrent resolution is to request that the DCCA compile pertinent data to determine the appropriate scope of a study analyzing whether implementation of laws similar to captive insurance laws in Massachusetts would address the State of Hawaii's residential property insurance needs.

The measure requires compilation and analysis of data by both the Department's Insurance Division and Hawaii Real Estate Commission (Commission). Both are prepared to obtain the information needed as requested in the measure and have already begun the process to secure the information. The Commission has the ability to

contact and collect data from condominium associations registered with the Commission, and it will undertake its best efforts to survey those associations to obtain the information set forth in the measure within the time period provided.

Thank you for the opportunity to testify on this measure.

Hui 'Oia'i'o

**House of Representatives  
Committee on Consumer Protection and Commerce  
Thursday, April 13, 2023  
2:15 p.m.**

To: Chair Mark Nakashima  
Re: SCR 48 SD 1

Aloha Chair Nakashima, Vice-Chair Sayama, and Members of the Committee,

I am Lila Mower, the leader of Hui 'Oia'i'o, a coalition of property owners--mostly seniors--from common-interest associations including condominium associations, planned community associations, and a few cooperative housing corporations throughout Hawaii, and served as an officer on three condominium associations' boards.

To be clear, it was not just the requirements of the City and County of Honolulu's (CCH) ordinances 19-4 and 22-2 that contributed to rises in insurance premium costs, increased insurance deductibles to offset those premiums' costs, and changes in subrogation clauses to alleviate associations' liabilities.

Seminars offered by local insurance experts before the 2017 Marco Polo fire raised concerns about the "hardening" insurance market which was then attributed to escalating natural disasters—hurricanes, fires, floods--that occurred throughout the nation.

In 2018, local insurance expert Surita "Sue" Savio spoke at a DCCA-hosted education seminar, Condorama<sup>1</sup>, about rising insurance costs due to increased claims and reiterated her concerns that Hawaii had more Directors' and Officers' insurance claims "than anyone else... we beat them [other states] all." She also mentioned that those premiums had increased by "25 to 60 percent."

The tragic collapse of Champlain Towers South on June 24, 2021, also affected condominium association insurance premiums, and, nearly a year later, the incident's \$1.02 billion settlement was called a "harbinger of premium hikes that could reverberate across the industry."<sup>2</sup>

Therefore, a survey that is limited to the 309 condominium associations affected by those CCH ordinances may not be reflective of the State's approximately 1800 registered condominium associations that have been impacted by increased insurance costs.

A possible solution to address the DCCA Insurance Commissioner's concern that a survey of Hawaii's condominium associations may be "beyond the capacity of the Insurance Division's

---

<sup>1</sup> <https://www.youtube.com/watch?v=8wOM10cgYS0&t=353s>

<sup>2</sup> <https://therealdeal.com/miami/2022/06/07/1b-surfside-deal-signals-condo-association-construction-insurance-premium-hikes/>

Hui 'Oia'i'o

staff,” is to have the DCCA Real Estate Branch amend their biennial condominium association registration form to require each registered association to report, perhaps by filling a simple matrix, the types, quantities, causes of insurance claims, and any other desired parameters during a particular reporting period to study that association and all registered associations to determine the State’s condominium insurance needs.

Or, an alternate solution, as suggested by advocate Marilyn Khan, is a survey of a portion of all registered condominiums whose results would be more representative of condominium associations affected by rising insurance costs.

Hawaii’s condominium owners need relief from expenses rising beyond our control. But rather than looking at merely relieving the symptoms (e.g., rising insurance premiums), robust efforts to address the problems that cause these symptoms should be made. These long overdue efforts include:

- mandating the education of association boards and management to mitigate deferred maintenance and prevent underfunded reserves, and to prohibit the arbitrary circumvention or uneven application of rules and laws,
- improving dispute resolution, and
- providing easier access to associations’ essential governing documents and disclosures.

Mahalo for the opportunity to testify.

**SCR-48-SD-1**

Submitted on: 4/12/2023 5:38:35 PM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jane Sugimura	Hawaii Council of Association of Apt. Owners	Support	Written Testimony Only

Comments:

Hawaii Council of Association of Apt. Owners supports this bill if it will assist in stabilizing insurance premium increases to high-rise condos that do not have a fire sprinkler system.

**SCR-48-SD-1**

Submitted on: 4/11/2023 2:24:51 PM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Richard Emery	Individual	Support	Written Testimony Only

Comments:

SCR 48 is a reasonable prudent step to evaluate future insurance options for associations.  
Insurance costs are rising effecting affordability of condominium living.

**SCR-48-SD-1**

Submitted on: 4/12/2023 3:52:34 AM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Leimomi Khan	Individual	Comments	Written Testimony Only

Comments:

Support SCR 48, S.D. 1 with amendment.

Currently, the measure calls for a survey that is limited to the 309 condominium associations affected by those CCH ordinances as proposed in SD 1. Limiting the survey to just these 309 condominium associations may not be reflective of the State's approximately 1800 registered condominium associations that have been impacted by increased insurance costs. Request that this provision be amended to include surveying at least 25% of all other condominiums

Proposed amendment: BE IT RESOLVED by the Senate of the Thirty- second Legislature of the State of Hawaii, Regular Session of 2023, the House of Representatives concurring, that the Department of Commerce and Consumer Affairs is requested to survey the applicable apartment owners for each of the three hundred nine condominium properties that are subject to Honolulu Ordinances Nos.19-4 and 22 *and 25% of other condominiums* to determine..."

**SCR-48-SD-1**

Submitted on: 4/12/2023 8:33:18 AM

Testimony for CPC on 4/13/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeff Sadino	Individual	Comments	Remotely Via Zoom

Comments:

I offer COMMENTS on SCR 48 / SR 43 SD1.

This Resolution focuses on “skyrocketing insurance premiums” and assumes this is due to recent mandates for fire-safety requirements.

To be honest, this Resolution is focused on solving the symptom (increasing premiums) instead of solving the cause.

While fire-safety requirements may be one source of increasing premiums, I believe a much bigger source of increasing premiums are ineffective dispute resolution processes and Officer & Director claims. To support this, I quote Ms. Sue Savio where she was a presenter at a DCCA-sponsored Condorama educational event1:

“Director’s and Officers, one company left Hawaii. We’re done. We don’t like Hawaii anymore. **You folks have more claims than anybody else.** We’re outta here. You’re a small state, with just a few dollars that you give us and **you have more claims than New York,** and we pay out more here, and **you have more claims and we pay out more than we do in Florida.** We’re done. **And California.** We beat them all. As small of a state as we are with our little 1700 condos, they are paying out more Director’s and Officers claims, so this one company has left. This other company sent us a list and said **we are going to have a rate increase in Hawaii.** I wasn’t surprised. I knew this was coming. Anywhere from 25 to 65%.”

If this Committee is interested in helping condo Owners with their insurance premiums, I encourage you to find a solution for the cause, not the symptom, and to investigate the dispute resolution process (or lack thereof).

Thank you for the opportunity to provide testimony,

Jeff Sadino



1. <https://youtu.be/8wOM10cgYS0?t=353>

**SCR-48-SD-1**

Submitted on: 4/12/2023 10:15:46 AM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Philip Nerney	Individual	Support	Written Testimony Only

Comments:

The legislature is right to consider how various government mandates contribute to burdens on the consumers who pay condominium expenses, like insurance, and to seek reasonable means of mitigating those burdens.

**SCR-48-SD-1**

Submitted on: 4/12/2023 1:53:06 PM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Greg Misakian	Individual	Support	Written Testimony Only

Comments:

**My name is Greg Misakian and I support SCR48 SD1.**

The insurance costs at my condominium Association have increased over 400% since 2019 (when I purchased my home) and we have a \$50K deductible. The main reason for the extremely high and outrageous increase, is due to deferred maintenance and Board and Management Company negligence (i.e., not ensuring the building was properly maintained and repairing known or suspected leak sources). Numerous water leaks, waste pipe leaks, roof leaks and roof drain leaks were not properly addressed, and numerous are still not addressed as I write this.

We also need to look at price gouging by the Insurance Companies, and lack of Insurance Commissioner oversight to provide a proper annual review (and "approval" of any rate increases proposed).

Please vote yes on SCR48 SD1, and please do much more, as time is running out and delaying action another year is not acceptable.

**SCR-48-SD-1**

Submitted on: 4/12/2023 2:14:05 PM

Testimony for CPC on 4/13/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
R Laree McGuire	Individual	Support	Written Testimony Only

Comments:

Aloha,

The problem of increasing insurance rates for condominiums has many levels. I and others are hopeful that this Resolution will pass and the DCCA's efforts to analyze and determine the scope will assist in an eventual resolution of the problem. It's a good beginning and we appreciate the Legislature's efforts to recognize and address this issue.

Mahalo for the opportunity to testify.