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TO THE HOUSE COMMITTEE ON PUBLIC SAFETY

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Thursday, January 29, 2009
8:30 a.m.

TESTIMONY ON HOUSE BILL NO. 516 – RELATING TO THE HAWAII HURRICANE RELIEF FUND.

TO THE HONORABLE FAYE P. HANOHANO, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department opposes this bill because it would adversely impact the priorities set forth in the Executive Biennium Budget for fiscal years 2009-2010.

The Hawaii Hurricane Relief Fund (“HHRF”) will restart if there is another property insurance scarcity and will need money both for the restart and to pay claims. However, given that HHRF can buy reinsurance and has some reserves, we believe that it is not imperative to add on the interest income. If the HHRF restarts, the Legislature can revisit at that time the question of whether interest income should be retained in the HHRF. Making this move now in light of the current budget crisis is not prudent

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be held.