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October 12, 2020

VIA Email: get.committee@mauicounty.us

Honorable Michael J. Molina
Chair, Governance, Ethics,
and Transparency Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

Dear Chair Molina:

I am in receipt of your letter dated October 7, 2020 regarding a new chapter in the Maui County Code entitled "Social Host Liability Regulations" (Get-60). Your request regarding the impact of the proposed new chapter on homeowners' insurance rates is answered as follows:

Question: Does the personal liability portion of the homeowner's policy cover a claim for reimbursement of fines imposed and recovery costs billed by the State as a result of violating this ordinance?

Short Answer: Keeping in mind this is for personal lines, the specific answer is "no", the homeowner's policy will not cover a claim for reimbursement of fines and recovery costs billed by the State and there should be no effect on the homeowner's insurance premium.

The personal liability portion of a homeowner's insurance policy covers the property owner against lawsuits for ***physical injury or property damage that they themselves or their family members cause to other people.***

If a gathering of underage drinkers results in physical injury or property damage and the liability portion of the homeowner's insurance is triggered, a covered event that brings the policy coverage into effect would occur regardless of whether the ordinance is in place or not. Therefore, any effect on the insurance premium of an ensuing liability claim cannot be attributed to the ordinance.

Honorable Michael J. Molina

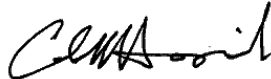
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Further, while an endorsement may expand liability coverage for a homeowner to provide coverage for violations of ordinances, these are rare and may be priced beyond what the average policyholder may be willing to pay.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin M. Hayashida". The signature is fluid and cursive, with the first name "Colin" being more prominent.

COLIN M. HAYASHIDA
Insurance Commissioner