



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

DCCA News Release

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FOR IMMEDIATE RELEASE: September 5, 2007

**HAWAII INSURANCE COMMISSIONER TO TESTIFY BEFORE
CONGRESSIONAL PANEL**

HONOLULU – Hawai'i Insurance Commissioner J.P. Schmidt will testify tomorrow in Washington, D.C. before a congressional panel that is considering a bill to create a national risk pool enabling participating states to share the financial risk of recovering from catastrophic events.

The National Association of Insurance Commissioners (NAIC) selected Schmidt to speak on behalf of state insurance regulators at a hearing of the House Committee on Financial Services on H.R. 3355 – The Homeowners' Defense Act of 2007.

The bill would create a voluntary process for states to pool their catastrophe risks and transfer the risk to the capital markets through issuance of "cat" bonds. The bill would also authorize the Secretary of Treasury to make liquidity loans to qualified reinsurance programs after a catastrophe.

This bill would provide the state with a means of pooling Hawai'i's risk with other states. Spreading the risk over a broader base generally lowers the cost of premiums. In addition, the bill would give Hawai'i access to a much larger pool of capital. The liquidity loans help after an event when insurance companies' funds are tied up paying claims and there are no funds to provide insurance coverage for any future events.

"My administration is in full support of initiatives to ensure Hawai'i has access to the resources necessary to cope with disasters including natural catastrophes such as hurricanes or tsunamis," said Governor Linda Lingle. In 2006, the Governor signed Act 55 into law ratifying and allowing Hawai'i to become a member of the Emergency Management Assistance Compact. Compact members provide mutual assistance between states in managing any emergency or disaster that is declared by the governor of a member state.

Established in 1871 to address the need to coordinate regulation of multi-state insurers, NAIC is comprised of insurance regulators from the 50 states, the District of Columbia, and the five U.S. territories. The organization provides a forum for the development of uniform policy when uniformity is appropriate. NAIC is covering the expenses for Commissioner Schmidt's trip.

Media who wish to speak with Commissioner Schmidt regarding his testimony before Congress should contact the Department's Public Information Officer, Christine Hirasa, at 586-2622, by noon on Thursday to arrange a call-back from the Commissioner.

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For more information, contact:
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