

Crucial Insurance Deadline Approaches for Maui Wildfire Victims

Program Business

Two-Year Deadline Tied to 2023 Maui Wildfires

The deadline coincides with the second anniversary of the disaster that devastated Lahaina and other Maui communities. Under most insurance policies, replacement cost claims for property and contents must be filed within two years of the loss.

Some residents have already navigated the lengthy claims process with assistance from the nonprofit United Policyholders. With their help, residents have been able to significantly increase claim payouts for lost personal property.

However, many others have not started or completed their claims. William Nhieu, spokesperson for the Hawai'i Insurance Division, warned that "a substantial number of homeowners and renters may be at risk of losing key benefits."

Extension Requests and "Bad Faith" Claims

For those facing delays, the best immediate option is to request an extension from their insurer in writing before the August 8 deadline. United Policyholders has circulated sample letters that policyholders can customize to request more time.

August 8 is also the final date under Hawai'i law for filing "bad faith" claims against insurers for unfair treatment.

While policy terms vary, most insurers require proof that items or property have been replaced within

two years. Rebuilding delays have complicated this for many Lahaina residents, as they remain in planning, permitting, or early construction phases.

Acting insurance commissioner Jerry Bump issued a memorandum in June urging insurers to voluntarily extend deadlines and show flexibility. It remains unclear how many insurers are complying.

Mixed Responses From Insurers

State Farm, which provides 35% of Hawai'i's homeowners insurance, stated it is granting additional time for customers who intend to rebuild but did not specify how long. Some insurers have offered extensions, while others are enforcing stricter interpretations of policy deadlines, according to the Insurance Division.

Zephyr Insurance declined an interview but said it continues to adjust claims from the wildfires "without the imposition of time limitations."

Workshops Help Residents Navigate Policies

United Policyholders has held public workshops across Maui, including a final session in Lahaina on July 22, to assist residents with reviewing coverage and preparing claims. These workshops, coordinated with local groups such as Kaibigan ng Lahaina, have highlighted common gaps in understanding policy details.

Community coordinator Sieny Corpuz said many residents were unaware of specific coverages, such as loss of trees, shrubs, or costs associated with meeting updated building codes.

Maui County has also used its disaster recovery newsfeed to remind residents about the August 8 deadline.

Complex Policies Lead to Missed Claims

Many survivors have struggled with long, detailed insurance documents. Residents described the process of creating a personal property inventory as "painful and difficult," particularly when cataloging sentimental items.

With guidance from United Policyholders, residents have identified additional claims, such as coverage for lost landscaping and costs for bringing new homes up to updated code requirements.

Delays in permitting and construction have pushed some rebuild timelines past the deadline, raising concerns about whether invoices finalized after August 8 will still be eligible. Residents awaiting responses from insurers are preparing extension requests in the meantime.

Potential Underpayment Risks

Past disasters show that many policyholders risk underpayment. A Federal Reserve Bank of Philadelphia study on California wildfires between 2017 and 2021 found nearly 40% of homeowner claims were underpaid.

Nhieu said policyholders may still have legal recourse after the two-year deadline, but urged residents to request detailed settlement breakdowns, consult with adjusters, and file complaints if they believe they've been underpaid.

"Any complaint or concern brought to our attention is reviewed and investigated," Nhieu said.

Next Steps for Policyholders

- File claims or request extensions in writing before August 8.
- Consult with insurers or independent advocates to understand policy details.
- Keep detailed records of claims, invoices, and correspondence.
- Contact the Hawai'i Insurance Division if there are concerns about underpayment.

Residents with questions or delays are encouraged to act immediately to protect their remaining insurance benefits.