

Crucial Insurance Deadline Looms In Two Weeks For Maui Fire Victims

Honolulu Civil Beat

The second anniversary of the Aug. 8, 2023 wildfires that devastated Lahaina and damaged other communities on Maui is also a major deadline for insurance policyholders to file claims for replacement cost benefits, the primary coverage for property and contents damaged or lost in the disaster.

Juliet DiGiovanni and her husband Herb Phillips lost everything when their house on Komo Mai Street burned down in Lahaina. They have spent the past year engaged in the painstaking process of filing insurance claims for property loss, with support from the nonprofit organization United Policyholders.

So far that help has made the difference between a \$60,000 claim and a \$250,000 claim for loss of their personal effects.

While DiGiovanni and Phillips are ahead of the game, many policyholders haven't even started the process and state Insurance Division spokesman William Nhieu said the agency is concerned "a substantial number of homeowners and renters may be at risk of losing key benefits."

For those policyholders their best option is to file for an extension from their insurer before Aug. 8. United Policyholders has been circulating a sample letter that policyholders can customize to request an extension and give them more time to make a claim.

Even with additional time, experience during past disasters indicates policyholders are at risk of not getting everything they are entitled to. A Federal Reserve Bank of Philadelphia research paper looked at insurance payouts for California wildfires between 2017 and 2021 and found that almost 40% of homeowner claims were underpaid.

Policyholders Have Faced Unavoidable Delays

The Maui fires second anniversary has another deadline: It's also the cutoff date under Hawai'i statute for policyholders to file "bad faith" claims against their insurance company if they feel they have been treated unfairly.

While policy deadlines vary from insurer to insurer, in most instances insurance providers require proof that the item or property has been replaced two years after the date of loss.

But many Maui policyholders — especially in Lahaina — have encountered unavoidable delays in rebuilding and replacing their property, Nhieu, on behalf of the division, said.

Although the division did not have precise numbers, it has been contacted by policyholders about rebuilding delays and "many families remain displaced or in the planning, permitting, or early construction phases."

The division is "deeply concerned," its statement said, and last month acting commissioner Jerry Bump issued a memorandum urging Maui policyholders to request an extension from their provider and called on residential and commercial insurers to voluntarily extend deadlines "or be flexible in extending" them.

It's unclear how many insurers are heeding the commissioner's call.

Nhieu said that some insurers have actively granted extensions while "others may be operating under stricter interpretations of policy deadlines."

State Farm, which provides 35% of the homeowners insurance coverage in Hawai'i, declined a request to interview a representative. In an unattributed corporate email Thursday the company said it was aware of the division's request, had been contacting affected customers since May about the timelines, and was working to "meet their individual needs."

State Farm said it was providing additional time for customers who intend to rebuild to complete the process of claiming for home structure and personal contents, but did not specify how much time that was.

Impenetrable Policies Can Lead To Underclaiming

Policyholders need to check their policies to see if they're running up against a deadline with an insurance company and extension requests must be made in writing, according to Sherry Peterson of United Policyholders.

As the two-year deadline approaches Peterson has conducted public workshops on Maui to help policyholders review their coverage, including one in Lahaina on Tuesday in partnership with the Filipino recovery group Kaibigan ng Lahaina — the last of four planned.

About 20 people attended the multilingual workshop, said community coordinator Sieny Corpuz, and the attendees were all at different phases of preparing their claims.

Corpuz said Kaibigan ng Lahaina had used social media to alert the community to the policy deadlines.

Maui County also distributed UP's notice about the deadline via email and text to 8,000 subscribers to its disaster recovery newsfeed on July 16, county spokesperson Lila Lawrence said in an email Thursday.

Even without the deadline pressure, Maui policyholders affected by the wildfires could miss out on tens of thousands of dollars because of the complexities of their policies.

"I've met with many insured people who didn't know they had certain coverage because it wasn't on the declaration page," Peterson said. That can include coverage for loss of trees and shrubs on their destroyed property, or the costs of complying with new codes and ordinances in their new home.

Peterson, a retired administrative law judge from Washington state, has been personally helping Lahaina homeowners, like DiGiovanni, analyze their policies and craft claim letters for coverage that their insurance company adjusters didn't volunteer.

DiGiovanni first connected with Peterson after a United Policyholders workshop in April 2024, and at the time she hadn't been able to start her personal property claim.

"It was very painful and difficult to do the personal inventory," DiGiovanni said, "talking about stuff that my grandmother and great-grandfather gave me."

DiGiovanni said that reading her 60-page insurance policy document made her “eyes roll back in her head,” but with support from the United Policyholders she crafted emails to Hawai‘i-based Zephyr Insurance and, in many cases, “they started sending us checks.”

Even with that support, “it’s been like a full-time job. If you’re not a bulldog person, you’re going to lose out on hundreds of thousands of dollars,” she said. It was Peterson who pointed out that, for instance, they could claim \$22,000 for the loss of trees and shrubs.

Currently living in Wailuku and focused on rebuilding in Lahaina, DiGiovanni and her husband were still hopeful they would receive another \$50,000 to cover updated code and ordinance requirements for their new home, like a solar hot water heater, an electric charging outlet in the garage and high-efficacy lighting.

But the completion date for the house is currently September, she said.

“We couldn’t get the permit for over a year,” DiGiovanni said, “and then it takes three months to get cement, three months to get trusses,” and the couple won’t have the final invoices they need to claim until October.

As of Wednesday she was still waiting for a response from Zephyr on whether she would be able to claim invoices for work that won’t be completed until after the Aug. 8 deadline.

In the meantime, she was preparing an email asking Zephyr for an extension.

Zephyr Insurance declined a request for an interview, but in an email Thursday Chief Operating Officer Gareth Azama said the company is continuing to adjust claims related to the Maui wildfires “without the imposition of time limitations.”

Nhieu of the insurance division said that under certain circumstances policyholders may still have recourse to file lawsuits against their insurers after the two-year cutoff.

For that reason the division advised policyholders to request detailed breakdowns of claim settlements, consult with adjusters and file complaints with the division if they believe they have been underpaid.

“Any complaint or concern brought to our attention is reviewed and investigated,” he said.

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