

Maui's Fire Victims Are Frustrated By Insurance Hassles, Financial Delays

Honolulu Civil Beat

Numerous people showed up at a state Senate hearing on Maui where lawmakers urged state agencies to do more to protect consumers.

As Lahaina fire victims recited a long litany of insurance problems they are facing after the Aug. 8 conflagration, Hawaii state senators pressed state officials to work harder on behalf of survivors.

At a rare Senate field hearing held on a neighbor island rather than Honolulu, five senators, led by Sen. Jarrett Keohokalole, who represents Windward Oahu, peppered officials from the state Department of Commerce and Consumer Affairs and department's insurance division with questions about what they are doing to address an insurance quagmire.

About 2,200 properties were consumed by the fire.

Insurance executive Mahealani K. K. Strong, executive agent and owner of Insurance Associates in Lahaina, said the decision to shut down the fire zone has prevented insurance adjustors from visiting properties to assess the extent of the damage they suffered. That's meant that claims have been left pending for months while survivors wait for answers on how much they will be granted.

At the hearing and in a subsequent interview, Strong said that at least 44 insurance adjustors arrived on Maui within days of the fire, "ready to rock," and that she attempted to establish her office as an insurance hub for their work, to help get claims settled more quickly.

But she said local officials would not allow her to use her undamaged office, located on Kupuohi Street in upper Lahaina, and that they ignored her pleas to allow a group of adjustors wearing protective gear to enter the burn site in a bus. She noted that the adjustors were all disaster specialists with experience

operating in hazardous zones.

Instead, she said, while officials rebuffed her calls and emails, pointing the finger at other agencies as the source of the slowdown, hundreds of survivors have been left to wait. She noted that political leaders have been allowed to tour the disaster site but that adjustors have been kept out.

At one point she pushed her way into the county's emergency operations center hoping to find someone who could help her, she said, but never got a reply from numerous officials to whom she explained the situation.

Strong said that at least six insurance adjustors from the mainland told her they had never before seen a burn site locked down in this way and had never before been prevented from doing their work in a timely manner.

Her firm is handling more than 1,000 claims.

Witnesses at the Senate hearing described being compelled to pay mortgage payments on homes that have been destroyed while they also pay rent on replacement housing. They said that delays in processing insurance claims accurately has added to their stress.

Several said that adjustors had been prevented from entering the burn zone, compounding claim payment delays for survivors who need the money.

Sen. Angus McKelvey, who represents West Maui and lost his own home in the fire, prodded the state officials to work together more effectively to find ways to help survivors.

"Help us protect the consumer," he said.

Several senators asked officials from DCCA and the insurance division how many fire victims have insurance and how many do not.

The state officials said they didn't know, but that they will be requesting information from insurance companies that will give them more data. They said that people who have mortgages on their homes are typically required by their lenders to insure their properties.

Insurance division officials said they had taken several steps to expedite the process, including creating a website for fire insurance claimants and had provided staff for disaster hubs on Maui, assisting more than 300 people with their insurance questions. They also issued declarations urging insurers to refrain from canceling insurance policies for fire victims if they fall behind on premiums and changed rules to allow insurance adjustors from the mainland to work in Hawaii.

McKelvey said they made it easier for adjustors to come to Hawaii but then other officials blocked the adjustors from entering the burn zone.

“What use is an army if they are being held back behind walls?” he asked.

He said he had urged the state to permit adjustors to use drones to examine the damage but that nobody followed up on the idea, urging them to embark on more of an “advocacy” role for consumers.

Sen. Lorraine Inouye, who represents Hilo, echoed her support for the drone idea.

“It’s not something that should be an obstacle,” Inouye said. “Get it and move on.”

Many other people in Lahaina lack insurance altogether, witnesses said. Homeowners who live in houses that have been paid off frequently allow the insurance to lapse, and renters may not have enough income to buy renters’ insurance, they said.

People filing claims with the Federal Emergency Management Agency are asked when they file if they have insurance, and if they do, their claims are promptly turned down and they are directed to seek funds from their insurers. But that leaves some people in limbo, caught between the slow processing of insurance claims and FEMA bureaucracy.

Others said that some insurance adjustors are denying claims by looking at aerial photographs and ruling that the properties look fine from the sky, when owners believe that the properties may be much more severely damaged.

“My home is still standing but it is not livable; it’s toxic, it’s a war zone,” said Michelle Vu-Tran, who cried as she described escaping from the flames by jumping into the sea, although she can not swim.

She said that she and her husband tied their hands together so if they drowned or suffocated, their bodies would remain united.

Several witnesses said that fire victims' frustrations and fears are leading some to privately hire independent adjusters or lawyers at their own expense. They said that many people will end up with less money after they pay fees and commissions.

"What we are seeing is a bit disturbing," said Annie Barbour, who works for a nonprofit called United Policyholders, which advocates for consumers.

"A ton of private and public adjusters are preying on the survivors," she said.

The state Department of Land and Natural Resources also came under criticism from Inouye, who said that DLNR officials and their subordinates at the Division of Boating and Ocean Recreation, had refused to attend informational briefings on Maui. Dozens of boats were destroyed in the fire.

"I'm very disappointed with DOBOR," said Inouye, who chairs the Senate's water and land committee, which oversees DLNR and DOBOR.

"It's like they don't realize people are suffering. They lack empathy ... I'm going to work on forcing them to come. I'm not happy."

Sen. Tim Richards, who represents a north Big Island district, noted that it had been almost two months since the fire but that the two state departments did not have the answers to many of their questions.

"There should be a way to get those things going so we know where our insurance agencies stand," he said, adding that it was essential that "people can get their claims processed."

This is only the third time in the past 15 years that a state Senate committee has held a field hearing on a neighbor island, lawmakers said. In 2019, a hearing was held after the riot at the Maui Community Correctional Center and in 2007, a Senate panel held a hearing on the Superferry plan.

Keohokalole said it was "not easy or cheap" to put on a field hearing outside of Oahu because lawmakers need to find venues and arrange for the proceedings to be televised so that people can view the events

and testify remotely, something that has become a new requirement in the past few years.

But he said it believed it was important to do so because it is “not always feasible” for people to come to Honolulu.

He said that he believed some officials on Oahu are avoiding coming to Maui because they fear interacting with people whose lives have been disrupted or destroyed by the fire.

“There is a disconnect on Oahu about the actual feeling of the community here,” he said. “I’m not sensing hostility, I’m seeing frustration and sadness.”