BOARD OF DIRECTORS
HAWAII HURRICANE RELIEF FUND ("HHRF")
MINUTES

Date:	Tuesday, October 13, 2026
Time:	10:30 a.m. (HST)
In-Person Meeting Location:	King Kalakaua Conference Room King Kalakaua Building, First Floor 335 Merchant Street Honolulu, HI 96813
Virtual:	Zoom Meeting Join Zoom Meeting Meeting ID: 880 2423 7480 Passcode: 416411
Video Recording:	https://youtu.be/wfINsZuiYCI
Board Members:	Leslie Door, Vice-Chair; Scott Kuioka; Gwen McDonald; Reina Miyamoto (via Zoom); Scott Saiki, Insurance Commissioner, *ex officio* (7 members, 4 for quorum)
Members Excused:	Michael Nonaka, Chair; Marie Weite
Staff Present:	Ashley Tanaka, Deputy Attorney General; Matt Tsujimura, General Counsel (via Zoom); Tricia Murakami; Jenine Goto
Guests:	Paul Eaton, Aon; Simone Walker, Aon (via Zoom); Eva Altadonna, Aon (via Zoom); Paulina Ortega, Aon (via Zoom); Collin Lavender, Aon (via Zoom); Ken Lorber, Aon; Teri Fabry, Marsh USA LLC; Derek Yang, Marsh USA LLC; Evelyn Hara, HEMIC Insurance Managers, Inc. (via Zoom); Eddie Quan, Bank of Hawaii; Keith Sato, Bank of Hawaii; Reid Smith, Bank of Hawaii

I. Roll call, Quorum, Call to Order, Public Notice – HRS § 92-3 Open Meetings.

At approximately 10:31 a.m., Vice-Chair Door commenced the meeting. (0:00/1:18:21).

Vice-Chair Door announced that the meeting is being conducted pursuant to HRS § 92-3.7, under which board members and members of the public may participate either in-person or through interactive conference technology.

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Vice-Chair Door noted that the agenda for today's meeting was posted on the State's electronic calendar as required by HRS § 92-7(b).

Vice-Chair Door reviewed procedures for public testimony, including that each testifier is limited to three minutes per agenda item, that testimony should be limited to the agenda item under consideration, and that she may ask testifiers to conclude their remarks if they exceed the allotted time or address matters outside the scope of the agenda item. Vice-Chair Door provided further details on procedures for those wishing to testify in-person, by Zoom, or by telephone, and noted written testimony may be submitted in accordance with the instructions in the meeting agenda.

A roll call was taken. Chair Nonaka was noted as not in attendance. Vice-Chair Door, Mr. Kuioka, Ms. McDonald, Ms. Miyamoto, and Commissioner Saiki were present. Ms. Weite was not in attendance. Vice-Chair Door noted that five of the seven Board members were present and that quorum was met. (2:11/1:18:21)

II. Approval of prior Board meeting minutes. (3:02/1:18:21)

A. September 18, 2026.

Vice-Chair Door asked for any Board comment, question, or correction, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

A motion was made by Commissioner Saiki to approve the Board meeting minutes of September 18, 2026, which was seconded by Mr. Kuioka and approved by the Board.

III. Review of proposed changes to investment policy statement – Bank of Hawaii. (3:58/1:18:21)

Vice-Chair Door welcomed back Bank of Hawaii representatives Eddie Quan, Reid Smith, and Keith Sato to brief the Board on proposed changes to the investment policy statement ("IPS"), noting that Bank of Hawaii had previously presented on the current financial state of the investment portfolio and that there were questions regarding the type of investments and legislative changes affecting the transfer of interest to the state general fund.

Mr. Quan introduced the presentation, noting the purpose was to provide a current view of the portfolio, market color (particularly on fixed income), a performance update, and a look at potential enhancements to the IPS for

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discussion, with no changes having been made to the IPS over the past decade.

Mr. Smith provided an overview of the fixed income market, noting significant volatility, the market's expectation of further Federal Reserve tightening, elevated Treasury issuance due to the federal deficit, and competing supply from corporate and hyperscaler debt issuance. Mr. Smith stated that yields are currently attractive, particularly at the 30-year point of the curve and that the portfolio has outperformed its benchmark over the one-year period and held in well during the recent selloff.

Mr. Smith introduced the concept of adding an allocation to non-traditional fixed income ("NTFI") as a lower-correlation diversifier, and introduced Mr. Sato to present Bank of Hawaii's specific recommendation.

Mr. Kuioka asked whether the current Treasury benchmark is an appropriate comparison given that approximately half the portfolio is held in non-Treasury securities (corporates), and asked for the history of how the portfolio came to diversify beyond Treasuries. Mr. Quan and Mr. Smith responded that this was discussed at a prior meeting in the context of the HHRF's unique circumstances as compared to other government entities, and that the Board should consider adding a secondary, blended benchmark (e.g., an intermediate government/corporate benchmark) for transparency as to how the non-Treasury portion of the portfolio is performing.

Discussion ensued regarding the history of investment decision-making during the period when the HHRF was dormant and prior to when the HHRF board was reconstituted following Act 296, during which time the Insurance Commissioner was a signer on the investment account.

Mr. Sato presented Bank of Hawaii's recommendation regarding NTFI, explaining that NTFI consists of four mutual funds and one exchange-traded fund. Mr. Sato noted that although the original recommendation proposed a target allocation of up to 10% of the portfolio, current tight credit spreads mean the additional yield may not presently justify the allocation. Mr. Sato recommended that the IPS be amended to permit, but not require, an allocation of 0% to 15% in NTFI, to give Bank of Hawaii the flexibility to activate the strategy opportunistically if spreads widen in the future, in consultation with and disclosure to the Board.

Mr. Kuioka asked whether the IPS currently permits investment in mutual funds and exchange-traded funds that are not below investment grade, and Bank of Hawaii confirmed that the proposed redline language restricts

purchases to securities rated investment grade at the time of purchase. Mr. Kuioka raised questions regarding the triggers for activating the NTFI allocation, whether a new benchmark would be needed, and what other changes would need to follow, and suggested that the Board would benefit from a more detailed and customized IPS rather than general boilerplate language.

Mr. Quan and Mr. Smith agreed that Bank of Hawaii would return with a more detailed, customized draft IPS for the Board's consideration, including an additional blended benchmark, defined roles and responsibilities, and target allocation ranges, and that the Board should not rush a decision at today's meeting.

Mr. Kuioka asked how the HHRF's investment strategy has been adapted since operations resumed, given the HHRF's potential liquidity needs in the event of a hurricane and the risk of liquidating fixed income holdings at a loss, and suggested the Board consider a liquidity strategy that accounts for the possibility of a claims-related escrow need. Discussion ensued regarding the HHRF's $25 million reinsurance retention, the modeled probability of exhausting reinsurance capacity, the potential for multiple hurricanes to trigger separate retentions, and the portfolio's liquidity profile.

Vice-Chair Door and Commissioner Saiki discussed forming a permitted interaction group ("PIG") to work with Bank of Hawaii on revising the IPS. A motion was made by Commissioner Saiki, seconded by Mr. Kuioka, to form a PIG consisting of Mr. Kuioka, Chair Nonaka, and Commissioner Saiki to work with Bank of Hawaii on the IPS revisions which would be presented to the full board for approval at a future meeting. Vice-Chair Door asked for any public testimony, which there was none. The motion was approved by the Board. (43:38/1:18:21)

IV. Discussion on the July 31, 2026, invitation to the HHRF and the Hawaii Property Insurance Association ("HPIA") from Senators Carol Fukunaga and Angus McKelvey to participate in a September 2026 community forum focusing on next steps for 2027 in conjunction with the 2025 adoption of Act 226, SLH 2025. (43:55/1:18:21)

Ms. Fabry provided an update that, due to capitol renovations, the senators' and representatives' offices were being relocated and the town hall/community forum had been postponed, with the senators' offices reserving the right to reschedule the forum at a later time.

Vice-Chair Door asked for any Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

V. Discussion on the September 17, 2026, information request on HHRF participation rates on Oahu, Maui, and statewide from Senators Carol Fukunaga and Angus McKelvey. (45:14/1:18:21)

Ms. Fabry provided an update that, although the senators' requested meeting was cancelled, Marsh worked with the Insurance Division to provide a written response to the senators' request for information, which was copied to the HHRF and HPIA. Ms. Fabry explained that the senators requested HHRF take-up rates, the percentage of condominiums that received HHRF quotes, and the number of policies written, broken out by Senate District 6 (Senator McKelvey), Senate District 11 (Senator Fukunaga), the counties of Maui and Oahu, and statewide.

Ms. Fabry explained that the response differentiated between the total number of Associations of Apartment Owners ("AOAOs") in each district, county, and statewide, and those with ten million dollars or more in total insured value, which is the exposure level the HHRF product targets. Ms. Fabry noted that take-up rates are low, and that the response explained that the excess and surplus lines ("E&S") market is extremely competitive and that the HHRF quote is often used by agents as leverage to obtain better terms and lower rates in the E&S market. Ms. Fabry confirmed that the response was submitted to the senators in October and that no further comments or questions were received.

Vice-Chair Door asked for any Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

VI. Status updates from operations administrator Marsh USA, LLC regarding deliverables under the Request for Proposal dated May 21, 2025, to provide program administration and actuarial services to the HHRF. (47:54/1:18:21)

A. Review of program uptake statistics, including renewal retention.

Ms. Fabry advised that Marsh is revising its approach to reporting inception-to-date statistics now that the program has been operating for more than one year, noting that the courtesy data received from the servicing facilities is not granular enough to distinguish new business from renewal business, and that Marsh will request additional courtesy data and return with revised statistics at the next meeting.

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Ms. Fabry presented renewal retention data as of August 31, 2026: 14% of in-force policies were renewed in June, 27% in July, and 45% in August, for a year-to-date renewal retention of 31%. Ms. Fabry explained that, based on conversations with the primary agency placing HHRF business, accounts are being non-renewed and moved into the E&S market because E&S pricing has dropped significantly, and that in some cases the HHRF premium is no longer competitive, particularly higher in the limit tower.

Commissioner Saiki noted that declining renewal premium raises a question about the HHRF's recurring cash flow and whether the fund is drawing down the corpus as premium volume declines and stated that this should be incorporated into the broader financial analysis discussed earlier under Agenda Item III.

Vice-Chair Door asked for any Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

B. Update on offsite storage records contract closure and review, purge and digitize project.

Ms. Fabry reported that the account closure statement with Access was signed, final payment was made, and the final boxes of records were delivered to Marsh's office. Ms. Fabry stated that a preliminary review indicates the boxes primarily contain assessment records dating back to 1997, and that, consistent with Marsh's conservative approach, anything of potential value will be digitized and retained, with the remainder destroyed.

Vice-Chair Door asked for any Board comment, which there was none.

C. Review of business partners, contract terms and procurement process.

Ms. Fabry reviewed the HHRF's operational structure and business partners using a diagram prepared by Aon at program launch. She explained that AOAOs work with licensed insurance agents who submit applications to one of two servicing facilities, HEMIC Insurance Managers, Inc. ("HIMI") or Zephyr, who do the underwriting, policy

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issuance and servicing, premium billing and collection, and provide statistical reporting and courtesy data to Marsh as operations administrator. Ms. Fabry explained that Marsh compiles premium and loss bordereaux, prepares financial statements, coordinates with vendors, assists with board meeting agendas and minutes, works with the Insurance Division, and coordinates with Aon on the reinsurance program. Ms. Fabry further explained that Sedgwick operates the claims call center and assigns incoming claims to either Sedgwick or Crawford & Company as third-party claims administrators, that Accuity serves as the financial auditor, that Bank of Hawaii serves as investment portfolio advisor, and that Aon serves as reinsurance broker.

Ms. Fabry and Mr. Yang reviewed the status of the 2026 fiscal year financial audit, and stated that the audit is underway and is on schedule, with a draft audit report expected to be reviewed and finalized before being sent to Commissioner Saiki in November.

Ms. Fabry reviewed the scope, term, extension provisions, and compensation terms of each of the following vendor contracts: the HIMI and Zephyr servicing facility contracts, the Marsh operations administrator contract, the Sedgwick and Crawford claims third-party administrator ("TPA") contracts, the Aon reinsurance brokerage contract, and the Bank of Hawaii investment advisory contract. Regarding the Bank of Hawaii investment advisory contract, Ms. Fabry recommended beginning procurement immediately and forming a PIG to provide direction to Marsh on the scope of the request for proposal ("RFP"). As for the Accuity financial audit contract, Ms. Fabry recommended sending it out for procurement in the second quarter of 2027.

Discussion ensued regarding whether the PIG formed earlier in the meeting under Agenda Item III to work on IPS revisions should also be tasked with the Bank of Hawaii contract procurement, or whether a separate motion was needed. A motion was made by Commissioner Saiki to expand the scope of the previously approved PIG (consisting of Mr. Kuioka, Chair Nonaka, and Commissioner Saiki) to include oversight of the investment advisory services procurement process, which was seconded by Mr. Kuioka. Vice-Chair Door asked for any Board comment, which there was none. Vice-Chair Door asked for any public testimony, which there was none. The motion was approved by the Board.

Mr. Eaton provided background from his prior experience running RFP processes for the operations administrator and claims TPA services under the Governor's emergency proclamation, noting that the process took approximately two months even under relaxed procurement rules, and cautioned that the PIG should move quickly to ensure a seamless transition for investment advisory services, given that normal state procurement rules now apply and Marsh, as a non-state agency, is not trained in state procurement processes and relies on the Insurance Division to complete that process.

Vice-Chair Door asked for any Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

VII. Update on Commercial AOAO Product Refresh. (1:05:42/1:18:21)

Vice-Chair Door noted that at the September meeting, the Board discussed how the competitive insurance market has affected the HHRF's ability to attract and retain business, and that Marsh had indicated a broader review of the program would be undertaken after its first full year of operation.

Mr. Fabry provided an update that the consulting services agreement has been finalized and the contract is underway to be executed, having been awarded to Aon to perform actuarial, rating, product review, and operational consulting services, including a product refresh, market analysis, rate filing, and an update of operational procedures, manuals, and forms, to be completed by March 31, 2027, for a fixed fee.

Mr. Eaton noted that the original pricing assumptions for the HHRF were based on an anticipated policy count that was significantly larger than the program's actual experience, resulting in a per-policy expense fee that may need to be recalculated based on actual data on policy size and count, which may result in a nominal price increase. Mr. Eaton stated that Aon's actuarial analysis, expected around January, will also consider the program's long-term financial soundness, including whether investment income could be used to subsidize operational costs, and that Aon is gathering market feedback directly from agents while Mr. Eaton and Mr. Lorber are on-island this week.

Vice-Chair Door asked for any further Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

VIII. Update on Residential Product. (1:09:56/1:18:21)

Vice-Chair Door reported that a PIG, consisting of Gwen McDonald, Vice-Chair Leslie Door and Chair Mike Nonaka, held its first meeting on October 6, 2026, attended by Marsh representatives Teri Fabry and Derek Yang and asked Ms. Fabry to summarize the discussion held at the meeting.

Ms. Fabry stated that the group discussed the current residential carriers in the market, the steps needed to develop a residential product and have it ready to launch, and the threshold decision of whether to launch a residential product now or develop and shelve a product so it could be refreshed and launched quickly if and when needed in the future. Ms. Fabry stated that further work is needed on a needs assessment and decision criteria, legal, regulatory, and governance considerations, and, if directed to proceed, eligibility rules, product design, financial capacity and modeling, rate and form development, updates to the plan of operations, distribution and technology decisions, procurement of vendors through RFPs, and, if implemented, rollout, communications, and ongoing oversight.

Mr. Eaton noted that a residential program would be far more operationally involved than the commercial AOAO program, potentially requiring the HHRF to hire an executive director and build out staff, as it did under the prior iteration of the fund, as compared to an outsourced model, and that the Board should ensure this complexity is part of the public record given the volume of work involved.

Vice-Chair Door asked whether the Board was comfortable with Marsh completing a market analysis and bringing distribution, technology, and operational options back to the PIG for review before returning to the full Board for approval and initiating procurement, which the Board did not object to.

Vice-Chair Door asked for any further Board comment, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

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IX. Proposed dates for upcoming meetings: (1:15:51/1:18:21)

A. Tuesday, November 10, 2026, at 10:30 a.m.
B. Tuesday, December 8, 2026, at 10:30 a.m.
C. Tuesday, January 26, 2027, at 9:00 a.m.
D. Tuesday, February 23, 2027, at 9:00 a.m.
E. Tuesday, March 23, 2027, at 9:00 a.m.

Vice-Chair Door explained that, beginning in January 2027, proposed meeting dates are later in the month because monthly premium bordereaux data is available after the fifteenth of every month. Having board meetings after the fifteenth of every month will reduce the manual effort needed by Marsh to prepare courtesy data to compile statistics to present at board meetings in a very short period of time. The proposed meeting time is also being moved to 9:00 a.m. to be less of a disruption to board members' business day. It was noted that 2027 meeting dates and times could not yet be confirmed on the State Calendar.

Vice-Chair Door asked for any Board discussion on the proposed dates and times, which there was none.

Vice-Chair Door asked for any public testimony, which there was none.

X. Adjournment.

Vice-Chair Door asked for any final Board comments concerning today's agenda items, which there were none. Vice-Chair Door adjourned the meeting at approximately 11:49 a.m. (1:18:09/1:18:21)

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