

Honolulu, Hawaii

FEB 16 , 2024

RE: H.B. No. 2686
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2686 entitled:

"A BILL FOR AN ACT RELATING TO THE STABILIZATION OF PROPERTY
INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to amend state laws governing
the Hawaii Property Insurance Association and the Hawaii Hurricane
Relief Fund to enable these entities to underwrite certain
insurance risks in the State that no standard insurer is currently
willing to underwrite.

Your Committee received testimony in support of this measure
from the Hawaii Green Infrastructure Authority; Community
Associations Institute Hawaii Legislative Action Committee;
Palehua Townhouse Association; Hawaii First Realty, LLC; Hawaii
Insurers Council; First Insurance Company of Hawaii; Honolulu
Tower AOA; Zephyr Insurance Company; Tradewind Group; Island
Insurance; Hawaii Credit Union League; Hawaii Bankers Association;
Mortgage Bankers Association of Hawaii; and four individuals.
Your Committee received comments on this measure from the
Department of Commerce and Consumer Affairs; Department of
Taxation; Hawaii Property Insurance Association; National
Association of Mutual Insurance Companies; Hawai'i Association of



REALTOR; Tax Foundation of Hawaii; and State Farm Mutual Automobile Insurance Company.

Your Committee finds that the availability of condominium building master insurance policy and unit owner insurance policy options within the condominium insurance marketplace was shrinking, even before the August 2023 Maui wildfire event. For condominium building master insurance policies, insurers have increased deductible amounts from what used to be between \$10,000 to \$25,000 per unit, per occurrence, to as much as \$250,000. Furthermore, insurance premiums for hurricane insurance policies have recently risen so high that three hundred seventy-five to three hundred ninety buildings have opted to renew their hurricane insurance policies with less than one hundred percent hurricane coverage. This measure expands the markets of last resort in the State to assist the stabilization of the property insurance market until risks can be depopulated back to the standard insurance market when market conditions improve and risks become more insurable because of building component replacement or maintenance, or mitigation equipment or protocols have been implemented for fire, wildfire, or hurricane events.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2686, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



