

Honolulu, Hawaii

FEB 07 , 2025

RE: H.B. No. 426
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 426 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 be a stop-gap measure
enabling the provision of insurance for condominium associations
that are unable to purchase adequate property insurance for their
respective condominium buildings by:

- (1) Enabling the Hawaii Property Insurance Association and
the Hawaii Hurricane Relief Fund to underwrite certain
insurance risks that no standard insurer is currently
willing to underwrite; and
- (2) Requiring the Insurance Commissioner to conduct a study
to monitor the existing market and identify the most
effective methods of stabilizing the property insurance
market in the State.

Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs; Hawaii Green
Infrastructure Authority; one member of the Maui County Council;
Hawaii Insurers Council; Hawaii Bankers Association; Hawaii Credit



Union League; AARP Hawai'i; Hawai'i Association of REALTORS; Mortgage Bankers Association of Hawaii; and two individuals. Your Committee received comments on this measure from the Department of the Attorney General; National Association of Mutual Insurance Companies; State Farm Mutual Automobile Insurance Company; and one individual.

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) Clarifying that, for purposes of the definition of "condominium" under the statutes governing the Hawaii Property Insurance Association, the real property is used primarily for residential purposes;
- (2) Specifying that the Hawaii Hurricane Relief Fund may impose an additional assessment on insurers acting as servicing facilities if a loss occurs from a covered event;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) 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. 426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 426, 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,



SCOT Z. MATSUMOTO, Chair



HR 252

Bill/Resolution No.: HB 426		Committee Referral: CPC, FIN		Date: 1/30/25	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
CPC Members		Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)		✓			
2. CHUN, Cory M. (VC)		✓			
3. ILAGAN, Greggor		✓			
4. ICHIYAMA, Linda		✓			
5. IWAMOTO, Kim Coco		✓			
6. KONG, Sam Satoru		✓			
7. LOWEN, Nicole E.		✓			
8. MARTEN, Lisa		✓			
9. TAM, Adrian K.		✓			
10. PIERICK, Elijah		✓			
TOTAL (10)		10			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: _____					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					