

STAND. COM. REP. NO.

1298

Honolulu, Hawaii

MAR 18

, 2025

RE: S.B. No. 1044
S.D. 2
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 S.B. No. 1044, S.D. 2, 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 that
enables 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;
- (2) Establishing a Condominium Loan Program and the
Condominium Loan Program Special Fund to fund essential
repairs and deferred maintenance by condominium
associations, and appropriating funds for this purpose;
- (3) Appropriating funds as a loan to the Hawaii Property
Insurance Association; and



- (4) 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, and appropriating funds for this purpose.

Your Committee received testimony in support of this measure from the Hawaii Green Infrastructure Authority; Waikiki Neighborhood Board; AARP Hawai'i; Hawaii Insurers Council; Mortgage Bankers Association of Hawaii; Hawaii Financial Services Association; Hawaii Bankers Association; Hawai'i Association of REALTORS; and four individuals.

Your Committee received comments on this measure from the Department of the Attorney General; Department of Commerce and Consumer Affairs; Department of Budget and Finance; Board of Directors of the Hawaii Hurricane Relief Fund; State Farm Mutual Automobile Insurance Company; National Association of Mutual Insurance Companies; Hawaii Property Insurance Association; 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 further finds that the companion to this measure, H.B. No. 426, H.D. 1 (Regular Session of 2025), was previously passed by your Committee.



Your Committee has amended this measure by:

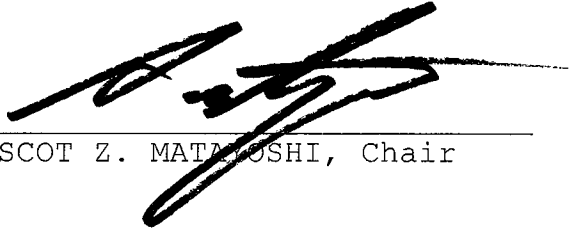
- (1) Deleting its contents and inserting the contents of H.B. No. 426, H.D. 1, a measure that:
 - (A) Authorizes the Hawaii Property Insurance Association and Hawaii Hurricane Relief Fund to underwrite certain insurance risks that no standard insurer is currently willing to underwrite;
 - (B) Appropriates general revenues as a loan to the Hawaii Property Insurance Association for administrative and startup costs, minimum solvency costs, and the purchase of reinsurance;
 - (C) Requires the Insurance Commissioner to conduct a study to identify the most effective methods of stabilizing the property insurance market in the State, and appropriating funds for this purpose; and
 - (D) Takes effect July 1, 3000;
- (2) Clarifying the assessments issued by the Hawaii Hurricane Relief Fund for which property and casualty insurers may recoup;
- (3) Authorizing the Hawaii Hurricane Relief Fund to loan funds to the Hawaii Property Insurance Association;
- (4) Authorizing the issuance of general obligation bonds and appropriating funds from the revenues derived from the general obligation bonds for purposes of loaning funds to the Hawaii Property Insurance Association by way of the Hurricane Reserve Trust Fund; and
- (5) 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 S.B. No. 1044, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 1044, S.D. 2, 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



1450R 1298

Bill/Resolution No.: SB1044, SD2	Committee Referral: CPC, FIN	Date: 3/12/25		
<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, Gregg	✓			
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)	7	1		2
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				