
A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the availability of
2 condominium property insurance policies within the State's
3 condominium insurance marketplace has decreased in recent years,
4 and the cost of obtaining insurance in this market has increased
5 substantially. Recent events, including wildfires in both
6 Hawaii and California, have threatened to further destabilize
7 this market.

8 The legislature further finds that the California state
9 department of insurance established the safer from wildfires
10 program in 2022. Under this program, property owners who make
11 certain upgrades to their properties to increase the properties'
12 resilience to wildfires become eligible for discounts on their
13 property insurance premiums. This program creates a material
14 incentive for property owners to increase the disaster
15 resiliency of their homes.

16 The legislature finds that establishing a similar program
17 in Hawaii targeted toward condominium associations would



1 encourage associations to make improvements that increase
2 building resiliency. This would result in a decreased
3 likelihood for damage and subsequent insurance claims, while
4 also providing relief to condominium associations and their
5 residents from the skyrocketing cost of insurance.

6 Accordingly, the purpose of this Act is to establish a
7 program that requires property insurers to offer discounts to
8 condominium associations if the associations make certain
9 upgrades or take specific actions to reduce the association's
10 risk profile.

11 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
12 amended by adding a new part to article 10E to be appropriately
13 designated and to read as follows:

14 **"PART . CONDOMINIUMS; DISCOUNTS FOR**
15 **RISK MITIGATIONS PROGRAM**

16 **§431:10E- Definitions.** As used in this part:

17 "Association" has the same meaning as in section 514B-3.

18 "Condominium" has the same meaning as in section 514B-3.

19 "Program" means the discounts for risk mitigations program
20 established by this part.



1 "Property insurer" means any entity providing property
2 insurance in the State under this chapter.

3 §431:10E- Risk mitigation upgrades; insurance premiums;
4 discounts for condominium associations. (a) There is
5 established the discounts for risk mitigation program, which
6 shall be administered by the insurance commissioner as provided
7 in this part.

8 (b) Under the program, a property insurer that provides
9 property insurance to an association pursuant to section
10 514B-143(a)(1) shall offer discounts on the association's annual
11 insurance premium if the association makes certain upgrades to
12 the property being insured or takes other specific actions to
13 reduce the association's risk profile. A property insurer shall
14 provide discounts to an association that:

- 15 (1) Clears vegetation, debris, mulch, and other
16 combustible materials from the immediate surroundings
17 of the buildings being insured;
- 18 (2) Uses only noncombustible materials in improvements
19 within five feet of the buildings being insured,
20 including fences and gates;



- 1 (3) Removes combustible structures around the buildings
- 2 being insured;
- 3 (4) Creates a defensible space between the buildings being
- 4 insured and the immediate surroundings;
- 5 (5) Installs a fire-resistant roof;
- 6 (6) Installs enclosed eaves;
- 7 (7) Installs fire-resistant vents;
- 8 (8) Installs or requires unit owners to install multipane
- 9 windows, including dual pane windows or functional
- 10 shutters, which, when closed, cover the entire window
- 11 and do not have openings;
- 12 (9) Installs at least six inches of noncombustible
- 13 vertical clearance at the bottom of the exterior
- 14 surface of the building, measured from the ground up;
- 15 (10) Installs or requires unit owners to install
- 16 impact-resistant windows;
- 17 (11) Installs flood barriers and sandbags;
- 18 (12) Installs drainage improvements;
- 19 (13) Installs sprinkler systems;
- 20 (14) Installs seismic improvements;
- 21 (15) Implements a plan for annual structural inspections;



- 1 (16) Implements a plan for annual roof maintenance;
- 2 (17) Implements a plan for annual sealing and waterproofing
- 3 maintenance;
- 4 (18) Implements a plan for annual heating, ventilation, and
- 5 air conditioning maintenance;
- 6 (19) Implements a plan for annual plumbing maintenance; and
- 7 (20) Implements a plan for annual fire and safety system
- 8 maintenance; or
- 9 (21) Completes any other upgrades or other actions to
- 10 reduce the association's risk profile, as specified by
- 11 the insurance commissioner in rules adopted pursuant
- 12 to chapter 91.
- 13 (d) The commissioner shall adopt rules pursuant to
- 14 chapter 91 necessary to implement this part. At a minimum, the
- 15 rules shall:
- 16 (1) Establish the amount of the discount a property
- 17 insurer must provide for each of the upgrades or other
- 18 actions specified in subsection (c);
- 19 (2) Specify any requirements that an association must meet
- 20 to qualify for the actions specified in subsection
- 21 (c); and



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1 (3) Specify other upgrades or other actions for which a
2 property insurer shall offer a discount, pursuant to
3 subsection (c)(21), and the amount of the discount."

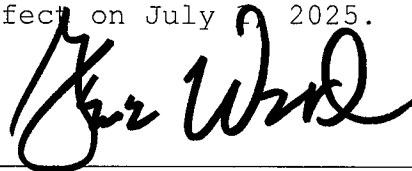
4 SECTION 3. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 4. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 5. This Act shall take effect on July 1, 2025.

14

INTRODUCED BY: _____



JAN 21 2025



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Report Title:

Insurance Commissioner; Condominiums; Property Insurance;
Discounts; Risk Mitigation Upgrades

Description:

Establishes a program that requires property insurers to offer discounts to condominium associations that make certain upgrades or take other specific actions to increase the building's resilience or reduce the association's risk profile. Requires the insurance commissioner to adopt rules to implement the program.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

