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# A BILL FOR AN ACT

RELATING TO LAVA ZONE INSURANCE.

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

1           SECTION 1. The legislature finds that homeowners residing  
2 in lava zones 1 and 2 face unique challenges caused by the  
3 inherent volcanic hazards associated with their properties.  
4 Based on these challenges, the legislature further finds that it  
5 is appropriate to help alleviate some of the financial burden of  
6 insurance premiums for these properties through the  
7 establishment of a dedicated lava zone insurance fund. The  
8 intent of the fund is to subsidize the cost of insurance  
9 premiums for properties in lava zones 1 and 2, thereby reducing  
10 the disproportionate burden placed upon homeowners because of  
11 the geographic location of their properties.

12           The legislature additionally finds that subsidizing the  
13 cost of insurance premiums for properties in these zones will  
14 promote fairness, affordability, and accessibility in the  
15 insurance market, encouraging homeownership and community  
16 resilience in these unique geographical areas.



1           Accordingly, the purpose of this Act is to ensure that  
2 people are not forced to lose their homes over a sudden rise in  
3 homeowners' insurance by establishing a fair and equitable  
4 resource to subsidize property insurance for homeowners residing  
5 in lava zones 1 and 2.

6           SECTION 2. Chapter 431:10E, Hawaii Revised Statutes, is  
7 amended by adding a new section to be appropriately designated  
8 and to read as follows:

9           "§431:10E-           Lava zone insurance fund. (a) There is  
10 established a lava zone insurance fund into which shall be  
11 deposited the following moneys:

- 12           (1) Appropriations by the legislature to the special fund;
- 13           (2) Gifts, donations, and grants from public agencies and  
14           private persons;
- 15           (3) Any proceeds collected by the department derived from  
16           fees charged to carry out the purposes of this  
17           section; and
- 18           (4) Civil, criminal, and administrative penalties, fines,  
19           and other charges, if any, collected under this  
20           chapter or any rule adopted pursuant to this chapter.



1        (b) All interest earned or accrued on moneys deposited in  
2 the fund shall become part of the fund.

3        (c) Moneys in the fund shall be expended by the  
4 commissioner to subsidize the cost of insurance premiums for  
5 homeowners in properties in lava zones 1 and 2; provided that:

6        (1) A homeowner does not own a real estate investment  
7 property;

8        (2) The homeowner is a part of a low-income household as  
9 determined by the United States Department of Housing  
10 and Urban Development; and

11        (3) No more than \_\_\_\_\_ per cent of the moneys may be used  
12 to cover administrative and operational costs of the  
13 lava zone subsidy program.

14        (d) The subsidy amount for each homeowner shall not be  
15 more than \$ \_\_\_\_\_ and for a period of \_\_\_\_\_ years.

16        (e) Moneys deposited in the fund shall not revert to the  
17 general fund.

18        (f) The department shall adopt rules in accordance with  
19 chapter 91 for the purposes of this section, including the  
20 establishment of any fees, penalties, fines, and other charges  
21 that may be needed to implement the lava zone subsidy program."



1 SECTION 3. Section 431:2-215, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) All assessments, fees, fines, penalties, and  
4 reimbursements collected by or on behalf of the insurance  
5 division under title 24, except for the commissioner's education  
6 and training fund (section 431:2-214), the patients'  
7 compensation fund (Act 232, Session Laws of Hawaii 1984), the  
8 drivers education fund underwriters fee (sections 431:10C-115  
9 and 431:10G-107), ~~and~~ the captive insurance administrative  
10 fund (section 431:19-101.8) to the extent provided by section  
11 431:19-101.8(b), and the lava zone insurance fund (section  
12 431:10E- ), shall be deposited into the compliance resolution  
13 fund under section 26-9(o). All sums transferred from the  
14 insurance division into the compliance resolution fund may be  
15 expended by the commissioner to carry out the commissioner's  
16 duties and obligations under title 24."

17 SECTION 4. Section 431:10E-141, Hawaii Revised Statutes,  
18 is amended to read as follows:

19 "[~~§~~431:10E-141~~]~~ ~~Lava zone defined.~~ Definitions. As  
20 used in this article~~[, "lava"]~~:



1        "Lava zone" means a volcanic hazard zone identified by the  
2 United States Geological Survey on the island of Hawaii.

3        "Lava zone 1" means the land area classified by the United  
4 States Geological Survey as lava flow hazard zone 1 and includes  
5 volcanic vents in the summits and rift zones of Kilauea and  
6 Mauna Loa where vents have been repeatedly active in historic  
7 time.

8        "Lava zone 2" means the land area classified by the United  
9 States Geological Survey as lava flow hazard zone 2 and includes  
10 areas adjacent to and downslope of zone 1."

11        SECTION 5. There is appropriated out of the general fund  
12 the sum of \$                    or so much thereof as may be necessary  
13 for fiscal year 2024-2025 to be deposited into the lava flow  
14 insurance fund.

15        SECTION 6. There is appropriated out of the lava flow  
16 insurance fund the sum of \$                    or so much thereof as may  
17 be necessary for fiscal year 2024-2025 to subsidize the cost of  
18 insurance premiums for properties in lava zones 1 and 2 pursuant  
19 to section 2 of this Act.

20        The sum appropriated shall be expended by the department of  
21 commerce and consumer affairs for the purposes of this Act.



1 SECTION 7. In accordance with section 9 of article VII of  
 2 the Hawaii State Constitution and sections 37-91 and 37-93,  
 3 Hawaii Revised Statutes, the legislature has determined that the  
 4 appropriations contained in H.B. No. , will cause the state  
 5 general fund expenditure ceiling for fiscal year 2024-2025 to be  
 6 exceeded by \$ or per cent. In addition, the  
 7 appropriation contained in this Act will cause the general fund  
 8 expenditure ceiling for fiscal year 2024-2025 to be further  
 9 exceeded by \$ or per cent. The combined total  
 10 amount of general fund appropriations contained in only these  
 11 two Acts will cause the state general fund expenditure ceiling  
 12 for fiscal year 2024-2025 to be exceeded by  
 13 \$ or per cent. The reasons for exceeding the  
 14 general fund expenditure ceiling are that:

- 15 (1) The appropriation made in this Act is necessary to
- 16 serve the public interest; and
- 17 (2) The appropriation made in this Act meets the needs
- 18 addressed by this Act.

19 SECTION 8. Statutory material to be repealed is bracketed  
 20 and stricken. New statutory material is underscored.

21 SECTION 9. This Act shall take effect on July 1, 2024.



# H.B. NO. 2047

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INTRODUCED BY:

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JAN 19 2024



# H.B. NO. 2047

**Report Title:**

Lava Zones; Property Insurance; Premiums; Dedicated Fund;  
Appropriation; Expenditure Ceiling

**Description:**

Establishes a lava zone insurance fund to subsidize the cost of insurance premiums for properties in lava zones 1 and 2.  
Defines lava zones 1 and 2. Appropriates funds.

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

