
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 affordable commercial insurance incentivizes and stimulates
3 economic development, especially in geographic areas with
4 greatest economic need. However, for existing businesses in
5 lava flow hazard zones 1 and 2, affordable commercial insurance
6 remains elusive due to the threat of exposure to lava flows.
7 The lack of affordable commercial insurance for these businesses
8 endangers the economic health of the surrounding areas.

9 Accordingly, the purpose of this Act is to expand the
10 mandated insurance products offered by the Hawaii Property
11 Insurance Association to include coverage for commercial
12 properties, greenhouses, shade houses, and mixed-use properties,
13 such as a transient accommodation or residence in which a
14 commercial enterprise operates on the property.

15 SECTION 2. Section 431:21-105, Hawaii Revised Statutes, is
16 amended to read as follows:



1 **"§431:21-105 Powers and duties of the association. (a)**

2 In addition to any other requirements imposed by law, the
3 association shall:

4 (1) Formulate and administer a plan of operation to insure
5 persons having an insurable interest in [~~real~~]:

6 (A) Real property, including a commercial property,
7 greenhouse, shade house, and mixed-use property,
8 such as a transient accommodation or residence in
9 which a commercial enterprise operates on the
10 property; or [tangible]

11 (B) Tangible personal property,
12 in the area designated by the commissioner;

13 (2) Reimburse each servicing facility for obligations of
14 the association paid by the facility and for expenses
15 incurred by the facility while processing applications
16 and servicing policies on behalf of the association;
17 and

18 (3) Collect and maintain statistical information and other
19 information required by the commissioner.

20 (b) In addition to any other powers allowed by law, the
21 association may:



- 1 (1) Add additional insurance coverages with the approval
2 of the commissioner [~~including coverage for~~
3 ~~commercial risks up to the limits of coverage for~~
4 ~~residential risks as set forth in the plan of~~
5 ~~operation~~];
- 6 (2) Employ or retain persons as are necessary to perform
7 the duties of the association;
- 8 (3) Contract with a member insurer to perform the duties
9 of the association;
- 10 (4) Sue or be sued;
- 11 (5) Borrow funds necessary to effectuate the purposes of
12 this article in accord with the plan of operation;
- 13 (6) If approved by the commissioner, assess member
14 insurers amounts necessary to cover extraordinary
15 losses incurred by the association. Each member
16 insurer shall be notified of the assessment not later
17 than thirty days before it is due. No member insurer
18 may be assessed in any year an amount greater than two
19 per cent of that member insurer's net direct written
20 premiums for the preceding calendar year. The
21 association may exempt or defer, in whole or in part,



1 the assessment of any member insurer if the assessment
2 would cause the member insurer's financial statement
3 to reflect amounts of capital or surplus less than the
4 minimum amounts required for a certificate of
5 authority by any jurisdiction in which the member
6 insurer is authorized to transact business;

7 (7) Devise a method to give credit to member insurers for
8 homeowners and fire insurance policies individually
9 underwritten on risks located in the area designated
10 for coverage by the association;

11 (8) Negotiate and become a party to contracts as are
12 necessary to carry out the purposes of this article;
13 and

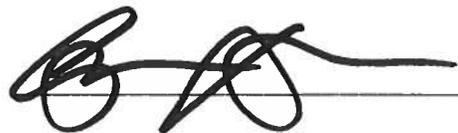
14 (9) Perform all other acts as are necessary or proper to
15 effectuate the purpose of this article."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on January 1, 2025.

19

INTRODUCED BY:



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JAN 19 2024



H.B. NO. 2051

Report Title:

Insurance; Hawaii Property Insurance Association; Plan of Operation; Covered Properties

Description:

Requires that the Hawaii Property Insurance Association include in its plan of operation insurance coverage for commercial properties, greenhouses, shade houses, and mixed-use properties, such as transient accommodations or residences in which a commercial enterprise operates on the property. Effective 1/1/2025.

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