
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 reinsurance is a
2 means of reducing an insurer's risk by establishing a contract
3 that transfers risk to a reinsurance company, which assumes
4 either a portion of or the entirety of one or more of the
5 liabilities taken on by the initial insurer.

6 The legislature further finds that rising global
7 temperatures associated with climate change have increased
8 severe weather events and, as a result, reinsurance companies
9 are having to drastically raise their prices in order to assure
10 coverage of future liabilities. In Florida, the Florida
11 Hurricane Catastrophe Fund is a state trust fund that provides
12 reimbursement to residential property insurance companies for a
13 portion of their catastrophic hurricane losses, with reinsurance
14 coverage provided to insurers at a lower cost than the private
15 reinsurance market. Establishing a similar program in Hawaii
16 may help homeowners and insurance companies address the



1 increased risk of catastrophic events like the 2023 Maui
2 wildfires.

3 Accordingly, the purpose of this Act is to establish a
4 working group to identify the feasibility of a state-run
5 reinsurance program to offset the liabilities of private
6 reinsurance companies as a means of ensuring affordable coverage
7 for property owners against catastrophic events, such as
8 wildfires or flooding.

9 SECTION 2. (a) There is established within the department
10 of commerce and consumer affairs a state reinsurance exploratory
11 working group to explore the feasibility of establishing a
12 state-run reinsurance program in Hawaii to ensure affordable
13 coverage for property owners against catastrophic events such as
14 wildfires or flooding.

15 (b) The working group shall consist of the following
16 members or their designees:

17 (1) The insurance commissioner, who shall serve as the
18 chair of the working group; and

19 (2) The director of taxation.

20 (c) The chair of the working shall invite the following
21 persons to be members of the working group:



- 1 (1) A representative from an insurance company that sells
2 property and casualty insurance in Hawaii;
- 3 (2) A representative of a reinsurance company that
4 operates in Hawaii;
- 5 (3) A representative of the Hawaii Association of
6 Realtors;
- 7 (4) A representative of the Hawaii Insurers Council;
- 8 (5) A representative of a bank that operates in Hawaii;
9 and
- 10 (6) A representative of a mortgage lender that operates in
11 Hawaii.
- 12 (d) The members of the working group shall serve without
13 compensation but shall be reimbursed for reasonable expenses,
14 including travel expenses, necessary for the performance of
15 their duties.
- 16 (e) The working group shall submit a report of its
17 findings and recommendations, including any proposed
18 legislation, to the legislature no later than twenty days prior
19 to the convening of the regular session of 2025.
- 20 SECTION 3. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2024-2025 for
2 administrative costs of the working group.

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

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

- 19 (1) The appropriation made in this Act is necessary to
20 serve the public interest; and



1 (2) The appropriation made in this Act meets the needs
2 addressed by this Act.

3 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

State Reinsurance Exploratory Working Group; DCCA;
Appropriation; Expenditure Ceiling

Description:

Establishes the State Reinsurance Exploratory Working Group to study the feasibility of establishing a state-run reinsurance program to ensure affordable coverage for property owners against catastrophic events. Requires a report to the Legislature. Appropriates funds. Effective 7/1/3000. (HD1)

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