STAND. COM. REP. NO. SA Honolulu, Hawaii FEB 16, 2024 RE: H.B. No. 2686 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2686 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 amend state laws governing the Hawaii Property Insurance Association and the Hawaii Hurricane Relief Fund to enable these entities to underwrite certain insurance risks in the State that no standard insurer is currently willing to underwrite.

Your Committee received testimony in support of this measure from the Hawaii Green Infrastructure Authority; Community Associations Institute Hawaii Legislative Action Committee; Palehua Townhouse Association; Hawaii First Realty, LLC; Hawaii Insurers Council; First Insurance Company of Hawaii; Honolulu Tower AOAO; Zephyr Insurance Company; Tradewind Group; Island Insurance; Hawaii Credit Union League; Hawaii Bankers Association; Mortgage Bankers Association of Hawaii; and four individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Department of Taxation; Hawaii Property Insurance Association; National Association of Mutual Insurance Companies; Hawai'i Association of

2024-1413 HB2686 HD1 HSCR HMSO

REALTOR; Tax Foundation of Hawaii; and State Farm Mutual Automobile Insurance Company.

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 has amended this measure by:

- Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) 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 H.B. No. 2686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2686, H.D. 1, and be referred to your Committee on Finance.



STAND. COM. REP. NO. 547 -24 Page 3

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

M. NAKASHIMA, Chair

2024-1413 HB2686 HD1 HSCR HMSO

State of Hawaii House of Representatives The Thirty-second Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB2686	Committee Referral: CPC, FIN	Date:	2/8/2	024
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Pass with amendments (HD) Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)				/
2. SAYAMA, Jackson D. (VC)				
3. AMATO, Terez				
4. BELATTI, Della Au				
5. HASHEM, Mark J.				
6. HUSSEY-BURDICK, Natalia			<u></u>	
U. HUSSET-DURDICK, Natalia	T CHEMINANA AND MANAGE			
7. GATES, Cedric Asuega				
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8. LOWEN, Nicole E.				
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9. ONISHI, Richard H.K.				
10. TAM, Adrian K.				
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11. PIERICK, Elijah				
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TOTAL (11)	7	Ø	Ø	4
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				