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## A BILL FOR AN ACT

RELATING TO THE HAWAII PROPERTY INSURANCE ASSOCIATION.

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

1           SECTION 1. The legislature finds that the Hawaii property  
2 insurance association was originally established in 1991 to  
3 assure stability in the property insurance market by providing  
4 basic property insurance to persons who were unable to purchase  
5 homeowners insurance coverage in the private market due to the  
6 ongoing volcanic eruption in lava zones 1 and 2 on the island of  
7 Hawaii. All property and casualty insurance companies licensed  
8 to do business in the State are automatically members of the  
9 association and participate in the writings, expenses, profits,  
10 and losses of the association in proportion to their market  
11 share of property and casualty insurance written in Hawaii.

12           The legislature further finds that in July 2023, Florida-  
13 based insurance company Universal Property and Casualty  
14 Insurance Company announced its intent to depart the homeowners,  
15 condominium, and renters' insurance market in Hawaii over a  
16 thirteen-month period, with the last policies to be effective  
17 August 31, 2024. This departure means that the only choice left



1 for many residents in lava zones 1 and 2 on the island of Hawaii  
2 is coverage obtained through the Hawaii property insurance  
3 association.

4 The legislature additionally finds that the Hawaii property  
5 insurance association is operating with a system that is thirty  
6 years old and does not allow the association to expand its  
7 services. The current software is impeding the association's  
8 ability to successfully adapt to the changing needs of the  
9 State's insurance market. A revamp of the system would require  
10 the association to further increase its fees to pay for the new  
11 system, which could mean even higher premiums. Making an  
12 investment to improve and upgrade the association's system will  
13 also help the State avoid exposure to risks in the future and  
14 better prepare the State for a well-integrated modern system.  
15 This modernization will also allow for increased efficiency and  
16 basic online functions, such as the ability to make payment with  
17 a credit card and payment flexibility.

18 The legislature also finds that modernizing the Hawaii  
19 property insurance association will help the association expand  
20 its available coverage options and better serve the needs of the



1 State's residents who must obtain property insurance coverage  
2 through the association.

3 The purpose of this Act is to appropriate funds to the  
4 Hawaii property insurance association to modernize and expand  
5 the association's capabilities in providing new and existing  
6 insurance coverage policies within the State.

7 SECTION 2. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$ or so  
9 much thereof as may be necessary for fiscal year 2024-2025 for  
10 the modernization and expansion of technology systems and  
11 software for new and existing policies and programs, including:

- 12 (1) Payment plan options;
- 13 (2) Commercial and mixed-use policies; and
- 14 (3) Expanded coverage areas and types of policies,  
15 including policies that reflect risks associated with  
16 climate change outside of lava zones, policies that  
17 exclude coverage for lava-related damages, single-  
18 peril policies exclusively for lava-related damage,  
19 and policies that offer distinct coverage for  
20 properties located in lava zones 1 and 2.



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

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

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

21           SECTION 4. This Act shall take effect on July 1, 2024.



H.B. NO. 2050

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INTRODUCED BY:

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JAN 19 2024



# H.B. NO. 2050

**Report Title:**

Hawaii Property Insurance Association; Lava Zones; DCCA;  
Appropriation; Expenditure Ceiling

**Description:**

Appropriates funds to the Department of Commerce and Consumer Affairs to modernize and expand technology systems and software for new and existing policies and programs in the State.

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

