
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 state
12 run reinsurance program in Hawaii to ensure affordable coverage
13 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;
- 19 (2) The director of taxation;
- 20 (3) The representative of house district 4;



- 1 (4) A representative from an insurance company that sells
2 property and casualty insurance in Hawaii, to be
3 chosen by the chair;
- 4 (5) A representative of a reinsurance company that
5 operates in Hawaii, to be chosen by the chair;
- 6 (6) A representative of the Hawaii Association of
7 Realtors;
- 8 (7) A representative of the Hawaii Insurance Council;
- 9 (8) A representative of a bank that operates in Hawaii, to
10 be chosen by the chair; and
- 11 (9) A representative of a mortgage lender that operates in
12 Hawaii, to be chosen by the chair.
- 13 (c) The members of the working group shall serve without
14 compensation but shall be reimbursed for reasonable expenses,
15 including travel expenses, necessary for the performance of
16 their duties. No member of the working group shall be subject
17 to chapter 84, Hawaii Revised Statutes, solely because of the
18 member's participation in the working group.
- 19 (d) The working group shall submit a report of its
20 findings and recommendations, including any proposed



1 legislation, to the legislature no later than twenty days prior
2 to the convening of the regular session of 2025.

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2024-2025 for
6 administrative costs of the working group.

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

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



H.B. NO. 2052

1 \$ or per cent. The reasons for exceeding the
2 general fund expenditure ceiling are that:

3 (1) The appropriation made in this Act is necessary to
4 serve the public interest; and

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

7 SECTION 5. This Act shall take effect on July 1, 2024.

8

INTRODUCED BY: _____



JAN 19 2024



H.B. NO. 2052

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.

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

