

JAN 18 2024

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# 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 August 2023  
2 wildfire on the island of Maui devastated the historic town of  
3 Lahaina. However, one wooden house in the center of Lahaina,  
4 now known as the "Miracle House", survived the wildfire  
5 relatively unscathed due to certain loss-control measures the  
6 owner implemented.

7           The "Miracle House" recently underwent a renovation, which  
8 specifically included removing the landscaping directly  
9 surrounding the house and replacing it with river stones, which  
10 experts determined made the biggest difference in protecting the  
11 house from the wildfire. Wildfire experts also maintain that  
12 the "zone zero" or "ember ignition zone" is a key factor in  
13 identifying whether homes are more susceptible to fire damage.  
14 For example, removing combustible materials, like wood fences,  
15 bushes, and dry grass, within a five-foot radius directly  
16 surrounding the house can reduce certain fire risks.



1           The legislature also finds that many Lahaina residents did  
2 not have homeowner's insurance. The legislature believes that  
3 the high cost of homeowner's insurance premiums in the State may  
4 be one factor that deters homeowners from obtaining coverage. A  
5 recent analysis revealed that Hawaii has been historically  
6 lucrative for insurers as they have been raising premium rates  
7 without having to pay out many claims. As a result, the State  
8 had the highest homeowner's insurance markup rates of any state  
9 from 1996 to 2021.

10           The legislature also finds that many insurers have loss-  
11 control programs that are designed to help policyholders reduce  
12 risks of damage and loss from certain perils. These programs  
13 benefit both the policyholder, who is rewarded with reductions  
14 to their insurance premium rates, and the insurer, who is less  
15 likely to have to pay out on claims.

16           Accordingly, the purpose of this measure is to require  
17 homeowners insurers to establish a loss-control program aimed at  
18 reducing the risk of loss or mitigating damage to insured  
19 property caused by the peril of fire, including fire caused by  
20 wildfires, lava, or both, with discounted premium rates for  
21 policyholders who implement certain loss-control measures.



1 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 10E to be  
3 appropriately designated and to read as follows:

4 "§431:10E- Homeowners insurance; loss-control program;  
5 premium reduction for fire safety. (a) Beginning January 1,  
6 2025, and in accordance with rules adopted by the commissioner,  
7 a homeowners insurer shall grant to an applicant a discount in  
8 the applicant's homeowners insurance premiums for insured  
9 property upon receipt of written verification from the applicant  
10 that, at the insured property, the applicant has implemented  
11 loss-control measures to lessen or minimize an insured loss from  
12 the perils of fire, including fire caused by wildfire, lava, or  
13 both, including:

14 (1) Removal of flammable material, debris, and vegetation  
15 within certain perimeters of the insured property;  
16 (2) Removal of risk of fire caused by lava; and  
17 (3) Use of inflammable material in the construction or  
18 renovation of the insured property.

19 (b) The commissioner shall prescribe the requirements for  
20 determining that insured property was constructed or renovated  
21 with inflammable material.



1        (c) Verification under this section shall comply with the  
2 requirements prescribed by the commissioner.

3        (d) For purposes of this section, "homeowners insurance"  
4 and "homeowners insurer" have the same meanings as defined in  
5 section 431:14-110.8(c)."

6        SECTION 3. New statutory material is underscored.

7        SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be "J. R. ...", written over a horizontal line.

# S.B. NO. 2242

**Report Title:**

Insurance Commissioner; Homeowners Insurance; Loss-Control Program; Discounted Premium Rates; Fire; Wildfire; Lava; Rulemaking

**Description:**

Beginning 1/1/2025, requires homeowners insurers to establish a loss-control program aimed at reducing the risk of the loss or mitigating damage to the insured property caused by the peril of fire, including fire caused by wildfire, lava, or both, with discounted premium rates for policyholders who implement certain loss-control measures. Requires the Insurance Commissioner to adopt rules.

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

