

MAR 08 2024

SENATE CONCURRENT RESOLUTION

REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO
CONVENE A WORKING GROUP TO STUDY AND DEVISE COMPREHENSIVE
STRATEGIES TO RESTORE ACCESSIBLE INSURANCE OPTIONS TO
RESIDENTS AND COMMERCIAL BUSINESSES IN LAVA ZONES 1 AND 2.

1 WHEREAS, volcanic eruptions can present a threat to
2 residences and commercial property within certain high-risk
3 areas, such as those on Hawai'i island designated as Lava Zones 1
4 and 2 by the United States Geological Survey; and

5
6 WHEREAS, despite the recent volcanic eruption in Lava Zones
7 1 and 2 on Hawai'i island, and the associated risks, development
8 in these areas has continued, in large part due to the high
9 demand for affordable housing; volcanic tourism and its
10 importance to the local economy; and cultural or religious ties
11 to Kilauea, Mauna Loa, and the surrounding areas; and

12
13 WHEREAS, while a stable and affordable insurance market can
14 provide financial security for those residing in or operating a
15 commercial business in high-risk lava zone areas, private
16 insurance carriers have, for the most part, largely remained
17 reluctant to provide this much needed product; and

18
19 WHEREAS, this problem has been exacerbated by the Universal
20 Property and Casualty Insurance Company's (UPCIC) decision to
21 withdraw from the homeowners, condominium, and renters insurance
22 market in the State by August 31, 2024, impacting approximately
23 one thousand policyholders on Hawai'i island -- many of whom are
24 located in a high-risk lava zone area; and

25
26 WHEREAS, for those Hawai'i island homeowners living in Lava
27 Zones 1 and 2, their sole remaining insurance provider, the
28 Hawaii Property Insurance Association (HPIA) -- a state-run
29 insurer of last resort that does not offer policy options for
30 commercial businesses -- has offered replacement insurance at
31 premium rates nearly three to four times higher than that of



1 UPCIC, citing the rising costs of building materials, supply
2 chain issues, a loss of reserves following the 2018 Kilauea lava
3 flow, and the increased costs of reinsurance; and

4
5 WHEREAS, the drastically higher premium rates for residents
6 in Lava Zones 1 and 2 are causing significant financial
7 insecurity and hardships, especially for individuals looking to
8 finance the purchase of property or vulnerable individuals and
9 low-income families; and

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11 WHEREAS, it is necessary for the State to take steps to
12 resolve this pressing issue and ensure that residents and
13 businesses in Lava Zones 1 and 2 have access to an affordable
14 and equitable insurance market; now, therefore,

15
16 BE IT RESOLVED by the Senate of the Thirty-second
17 Legislature of the State of Hawaii, Regular Session of 2024, the
18 House of Representatives concurring, that the Director of
19 Commerce and Consumer Affairs is requested to convene a working
20 group to study and devise comprehensive strategies to restore
21 accessible insurance options to residents and commercial
22 businesses in Lava Zones 1 and 2; and

23
24 BE IT FURTHER RESOLVED that the working group is requested
25 to explore various means of assisting affected residents and
26 businesses, including:

- 27
28 (1) Evaluating the equitable application of policy
29 premiums;
30
31 (2) Decreasing HPIA policy premiums and expanding coverage
32 to include commercial businesses;
33
34 (3) Implementing subsidies or financial assistance
35 programs to mitigate the financial burden for
36 vulnerable residents in Lava Zones 1 and 2;
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38 (4) Exploring the creation of a risk pooling mechanism;
39 and
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41 (5) Exploring any other feasible solutions, pursuant to
42 the discretion of the working group; and



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2 BE IT FURTHER RESOLVED that the working group is requested
3 to comprise the following members:

- 4
5 (1) The Director of Commerce and Consumer Affairs, or the
6 Director's designee, who is requested to serve as
7 Chairperson of the working group;
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9 (2) The Insurance Commissioner, or the Commissioner's
10 designee;
11
12 (3) One member of the Senate, to be appointed by the
13 President of the Senate;
14
15 (4) One member of the House of Representatives, to be
16 appointed by the Speaker of the House of
17 Representatives;
18
19 (5) The Mayor of the County of Hawai'i, or the Mayor's
20 designee;
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22 (6) The Chairperson of the Hawai'i County Council, or the
23 Chairperson's designee;
24
25 (7) The Chairperson of the Board of Directors of the
26 Hawaii Property Insurance Association;
27
28 (8) One small business owner in Hawai'i County whose
29 principal place of business is located within Lava
30 Zones 1 or 2, to be selected by the Chairperson of the
31 working group;
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33 (9) One homeowner in Hawai'i County whose residence is
34 located within Lava Zones 1 or 2, to be selected by
35 the Chairperson of the working group; and
36
37 (10) Any other member deemed necessary by the working
38 group; and
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40 BE IT FURTHER RESOLVED that an initial meeting of the
41 working group be convened no later than July 1, 2024; and
42



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1 BE IT FURTHER RESOLVED that the working group is requested,
2 with the assistance of the Department of Commerce and Consumer
3 Affairs, to submit a report of its findings and recommendations,
4 including any proposed legislation, to the Legislature no later
5 than twenty days prior to the convening of the Regular Session
6 of 2025; and

7
8 BE IT FURTHER RESOLVED that the working group is requested
9 to be dissolved on June 30, 2025; and

10
11 BE IT FURTHER RESOLVED that certified copies of this
12 Concurrent Resolution be transmitted to the President of the
13 Senate, Speaker of the House of Representatives, Director of
14 Commerce and Consumer Affairs, Insurance Commissioner, Mayor of
15 the County of Hawai'i, Chairperson of the Hawai'i County Council,
16 and Chairperson of the Board of Directors of the Hawaii Property
17 Insurance Association.

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19
20 OFFERED BY:

A handwritten signature in black ink, appearing to read "D.K.K.", is written over a horizontal line. The signature is stylized and cursive.