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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO CONDUCT A STUDY OF  
ALTERNATIVE INSURANCE MODELS THAT MAY PROVIDE VIABLE  
SOLUTIONS FOR CONDOMINIUM ASSOCIATIONS AND CONDOMINIUM UNIT  
OWNERS IN THE STATE.

1           WHEREAS, the rates for hurricane insurance and regular  
2 homeowner policies in the State were already being driven up by  
3 disasters around the United States and the world when the deadly  
4 Maui wildfires happened in August 2023, putting the State on the  
5 radar of property and casualty insurance companies as a  
6 wildfire-prone state; and

7  
8           WHEREAS, property and casualty insurance companies that  
9 operate in the State pay to share their risk with the global  
10 reinsurance market, a system stressed by hurricanes and other  
11 catastrophes worldwide; and

12  
13           WHEREAS, there are only four standard insurance companies  
14 that write property and hurricane policies for condominiums in  
15 the State: State Farm only issues renewals and has not issued a  
16 new policy since Hurricane Iniki in 1992; First Insurance Co. of  
17 Hawaii and Dongbu Insurance continue to write policies; and  
18 Allianz limits its hurricane coverage to \$10,000,000 per  
19 customer; and

20  
21           WHEREAS, a condominium building or complex carries a master  
22 hurricane policy to cover the cost to replace the property,  
23 which can total tens of millions of dollars in many cases, with  
24 annual premiums in the tens of thousands or even hundreds of  
25 thousands of dollars; and

26  
27           WHEREAS, during 2024, condominium associations in the State  
28 have seen one-year premium increases of three hundred to six  
29 hundred percent, which is four to seven times the previous cost,



1 and a few buildings are experiencing increases of ten to  
2 fourteen times the previous year's cost; and

3  
4 WHEREAS, as a result, an estimated four hundred condominium  
5 associations on Oahu have elected to carry less than one hundred  
6 percent on their master insurance policies, which means they  
7 will not have enough money to rebuild if their properties are  
8 damaged or destroyed in a hurricane or other natural disaster;  
9 and

10  
11 WHEREAS, failure to maintain one hundred percent coverage  
12 can put a building on a blacklist with lenders, which makes it  
13 difficult if not impossible for a buyer to get a mortgage on a  
14 unit in that building; and

15  
16 WHEREAS, mortgage giants like Federal National Mortgage  
17 Association (commonly known as Fannie Mae) and the Federal Home  
18 Loan Mortgage Corporation (commonly known as Freddie Mac), both  
19 of which purchase mortgages from banks and other lenders,  
20 require coverage of one hundred percent of a building's  
21 insurable value, which is why many banks will not lend on units  
22 with less than one hundred percent coverage; and

23  
24 WHEREAS, there are alternative insurance models, including  
25 mutual insurance and building life insurance models, that may  
26 provide viable solutions for condominium associations and  
27 condominium unit owners; now, therefore,

28  
29 BE IT RESOLVED by the House of Representatives of the  
30 Thirty-third Legislature of the State of Hawaii, Regular Session  
31 of 2025, the Senate concurring, that the Insurance Commissioner  
32 is requested to conduct a study of alternative insurance models  
33 that may provide viable solutions for condominium associations  
34 and condominium unit owners in the State; and

35  
36 BE IT FURTHER RESOLVED that the study is requested to:

- 37  
38 (1) Develop comprehensive standards and requirements,  
39 including financial and maintenance requirements, for  
40 condominium associations, developers, and groups of  
41 condominium associations and developers, to the obtain  
42 the property insurance required under section



1 514B-143, Hawaii Revised Statutes, through mutual  
2 insurance; and

3  
4 (2) Examine and evaluate the feasibility of implementing  
5 building life insurance as a model of property  
6 insurance, where the model:

7  
8 (A) Requires the condominium developer to obtain an  
9 insurance contract that meets the requirements of  
10 this paragraph for a period of no less than sixty  
11 years;

12  
13 (B) Allows a developer of a condominium to bind  
14 condominium associations by requiring that  
15 association bylaws include a clear maintenance  
16 schedule, reserve funds necessary to pay the  
17 costs of the maintenance schedule, and other  
18 minimum reserve requirements;

19  
20 (C) Requires insurers, when setting the premium  
21 rates, to consider factors such as the building  
22 materials used in the building's construction,  
23 ratio of concrete to glass in the buildings  
24 façade, maintenance schedule, siting of swimming  
25 pools, and other factors;

26  
27 (D) Requires insurance premiums to be paid into and  
28 kept in an escrow account that is held by a  
29 Hawaii escrow depository licensed under chapter  
30 449, Hawaii Revised Statutes;

31  
32 (E) Allows for premium step increases; provided that  
33 the premium step increases are clear and  
34 predictable;

35  
36 (F) Requires insurers to cover the claims of the  
37 insured condominium necessary to restore the  
38 condominium to the extent necessary to meet all  
39 federal, state, and county requirements to allow  
40 habitation, as determined by applicable building  
41 inspectors; and  
42



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1 (G) Requires legal safeguards similar to those used  
2 to bind traditional life insurers; and  
3

4 BE IT FURTHER RESOLVED that the Insurance Commissioner is  
5 requested to submit a report of the Commissioner's findings and  
6 recommendations, including any proposed legislation, to the  
7 Legislature no later than twenty days prior to the convening of  
8 the Regular Session of 2026; and  
9

10 BE IT FURTHER RESOLVED that certified copies of this  
11 Concurrent Resolution be transmitted to the Director of Commerce  
12 and Consumer Affairs and Insurance Commissioner.  
13  
14  
15

OFFERED BY:



MAR - 6 2025

