
HOUSE 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

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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

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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

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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

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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,
30 and a few buildings are experiencing increases of ten to
31 fourteen times the previous year's cost; and



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

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

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

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

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

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34 BE IT FURTHER RESOLVED that the study is requested to:

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36 (1) Develop comprehensive standards and requirements,
37 including financial and maintenance requirements, for
38 condominium associations, developers, and groups of
39 condominium associations and developers, to the obtain
40 the property insurance required under section
41 514B-143, Hawaii Revised Statutes, through mutual
42 insurance; and



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

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

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

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

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

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

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

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



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

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Director of Commerce and Consumer Affairs and Insurance Commissioner.

OFFERED BY: 

MAR - 6 2025

