

STAND. COM. REP. NO.

1298

Honolulu, Hawaii

**MAR 18**

, 2025

RE: S.B. No. 1044  
S.D. 2  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which  
was referred S.B. No. 1044, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE STABILIZATION OF PROPERTY  
INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to be a stop-gap measure that  
enables the provision of insurance for condominium associations  
that are unable to purchase adequate property insurance for their  
respective condominium buildings by:

- (1) Enabling the Hawaii Property Insurance Association and  
the Hawaii Hurricane Relief Fund to underwrite certain  
insurance risks that no standard insurer is currently  
willing to underwrite;
- (2) Establishing a Condominium Loan Program and the  
Condominium Loan Program Special Fund to fund essential  
repairs and deferred maintenance by condominium  
associations, and appropriating funds for this purpose;
- (3) Appropriating funds as a loan to the Hawaii Property  
Insurance Association; and

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- (4) Requiring the Insurance Commissioner to conduct a study to monitor the existing market and identify the most effective methods of stabilizing the property insurance market in the State, and appropriating funds for this purpose.

Your Committee received testimony in support of this measure from the Hawaii Green Infrastructure Authority; Waikiki Neighborhood Board; AARP Hawai'i; Hawaii Insurers Council; Mortgage Bankers Association of Hawaii; Hawaii Financial Services Association; Hawaii Bankers Association; Hawai'i Association of REALTORS; and four individuals.

Your Committee received comments on this measure from the Department of the Attorney General; Department of Commerce and Consumer Affairs; Department of Budget and Finance; Board of Directors of the Hawaii Hurricane Relief Fund; State Farm Mutual Automobile Insurance Company; National Association of Mutual Insurance Companies; Hawaii Property Insurance Association; and one individual.

Your Committee finds that the availability of condominium building master insurance policy and unit owner insurance policy options within the condominium insurance marketplace was shrinking, even before the August 2023 Maui wildfire event. For condominium building master insurance policies, insurers have increased deductible amounts from what used to be between \$10,000 to \$25,000 per unit, per occurrence, to as much as \$250,000. Furthermore, insurance premiums for hurricane insurance policies have recently risen so high that three hundred seventy-five to three hundred ninety buildings have opted to renew their hurricane insurance policies with less than one hundred percent hurricane coverage. This measure expands the markets of last resort in the State to assist the stabilization of the property insurance market until risks can be depopulated back to the standard insurance market when market conditions improve and risks become more insurable because of building component replacement or maintenance, or mitigation equipment or protocols have been implemented for fire, wildfire, or hurricane events.

Your Committee further finds that the companion to this measure, H.B. No. 426, H.D. 1 (Regular Session of 2025), was previously passed by your Committee.



Your Committee has amended this measure by:

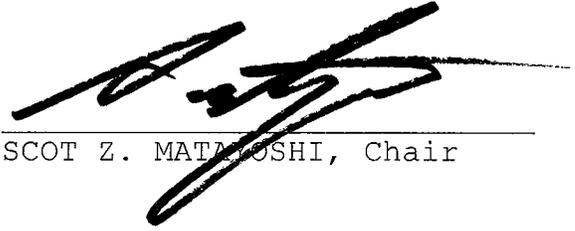
- (1) Deleting its contents and inserting the contents of H.B. No. 426, H.D. 1, a measure that:
  - (A) Authorizes the Hawaii Property Insurance Association and Hawaii Hurricane Relief Fund to underwrite certain insurance risks that no standard insurer is currently willing to underwrite;
  - (B) Appropriates general revenues as a loan to the Hawaii Property Insurance Association for administrative and startup costs, minimum solvency costs, and the purchase of reinsurance;
  - (C) Requires the Insurance Commissioner to conduct a study to identify the most effective methods of stabilizing the property insurance market in the State, and appropriating funds for this purpose; and
  - (D) Takes effect July 1, 3000;
- (2) Clarifying the assessments issued by the Hawaii Hurricane Relief Fund for which property and casualty insurers may recoup;
- (3) Authorizing the Hawaii Hurricane Relief Fund to loan funds to the Hawaii Property Insurance Association;
- (4) Authorizing the issuance of general obligation bonds and appropriating funds from the revenues derived from the general obligation bonds for purposes of loaning funds to the Hawaii Property Insurance Association by way of the Hurricane Reserve Trust Fund; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1044, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 1044, S.D. 2, H.D. 1, and be referred to your  
Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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SCOT Z. MATSUMOTO, Chair



