

STAND. COM. REP. NO. 174

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 1140
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1140 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE OF LAST RESORT,"

begs leave to report as follows:

The purpose and intent of this measure is to establish the Fair Access to Insurance Requirements (FAIR) Program to ensure that residents in high-risk areas can purchase affordable and comprehensive property insurance coverage for their residential properties.

Your Committee received testimony in support of this measure from Lāhainā Strong and two individuals.

Your Committee received comments on this measure from the Department of the Attorney General, Department of Budget and Finance, Department of Commerce and Consumer Affairs, Hawaii Insurers Council, and Mortgage Bankers Association of Hawaii.

Your Committee finds that many homeowners living in high-risk areas in the State continue to face challenges with obtaining affordable insurance coverage for their residential properties. Your Committee believes that the FAIR Program is essential to increase insurance options for property owners as insurance of last resort. Although there are other state-mandated property insurance programs in place such as the Hawaii Property Insurance



Association (HPIA) and the Hawaii Hurricane Relief Fund (HHRF), both of which are also markets of last resort, there are still many residents with properties in high-risk areas who are unable to obtain the coverage that they need. This measure seeks to fill a critical insurance market gap by offering coverage to those who are unable to otherwise obtain coverage in the admitted market.

Your Committee acknowledges the concerns expressed by the Department of Commerce and Consumer Affairs that the FAIR Program shares similarities in scope, purpose, and execution as the HPIA, and the FAIR Program may ultimately provide coverage comparable to that already provided by the HPIA. Your Committee notes that it may be appropriate to first establish a working group to develop a comprehensive overview of the FAIR Program's intended demographic, clarify potential points of concern, and present a plan to the Legislature. Accordingly, your Committee respectfully requests that the subsequent Committees who choose to deliberate on this measure consider this issue.

Your Committee has amended this measure by:

- (1) Clarifying that the FAIR Program shall be established within the Department of Commerce and Consumer Affairs;
- (2) Specifying that the Premium Stabilization Fund shall be established in the state treasury;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1140, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



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



JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB1140	Committee Referral: CPN, WAM/JDC	Date: 1/31/25
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton				✓
TOTAL	3	0	0	2

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:
Carol Fukunaga

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*Only one measure per Record of Votes