
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
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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,



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,

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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

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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;

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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;

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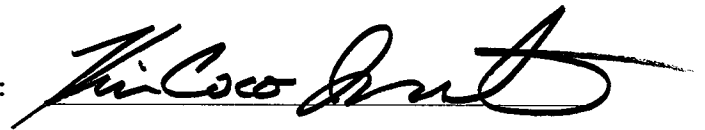
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(G) Requires legal safeguards similar to those used
to bind traditional life insurers; and

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
Concurrent Resolution be transmitted to the Director of Commerce
and Consumer Affairs and Insurance Commissioner.

OFFERED BY:



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