
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

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,
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
8

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
13

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
21

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,
26

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



- 1
2 (2) Examine and evaluate the feasibility of implementing
3 building life insurance as a model of property
4 insurance, where the model:
5
6 (A) Requires the condominium developer to obtain an
7 insurance contract that meets the requirements of
8 this paragraph for a period of no less than sixty
9 years;
10
11 (B) Allows a developer of a condominium to bind
12 condominium associations by requiring that
13 association bylaws include a clear maintenance
14 schedule, reserve funds necessary to pay the
15 costs of the maintenance schedule, and other
16 minimum reserve requirements;
17
18 (C) Requires insurers, when setting the premium
19 rates, to consider factors such as the building
20 materials used in the building's construction,
21 ratio of concrete to glass in the buildings
22 façade, maintenance schedule, siting of swimming
23 pools, and other factors;
24
25 (D) Requires insurance premiums to be paid into and
26 kept in an escrow account that is held by a
27 Hawaii escrow depository licensed under chapter
28 449, Hawaii Revised Statutes;
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30 (E) Allows for premium step increases; provided that
31 the premium step increases are clear and
32 predictable;
33
34 (F) Requires insurers to cover the claims of the
35 insured condominium necessary to restore the
36 condominium to the extent necessary to meet all
37 federal, state, and county requirements to allow
38 habitation, as determined by applicable building
39 inspectors; and
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41 (G) Requires legal safeguards similar to those used
42 to bind traditional life insurers; and




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2 BE IT FURTHER RESOLVED that the Insurance Commissioner is
3 requested to submit a report of the Commissioner's findings and
4 recommendations, including any proposed legislation, to the
5 Legislature no later than twenty days prior to the convening of
6 the Regular Session of 2026; and
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8 BE IT FURTHER RESOLVED that certified copies of this
9 Resolution be transmitted to the Director of Commerce and
10 Consumer Affairs and Insurance Commissioner.
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OFFERED BY:

A handwritten signature in black ink, appearing to read "Phil Cowan", is written over a horizontal line.

MAR - 6 2025

