
A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new section to part II of article 2 to be
3 appropriately designated and to read as follows:

4 "§431:2- Working group to identify, assess, and
5 recommend risk transfer market mechanisms to promote investment
6 in natural infrastructure to reduce risks of climate change
7 related to catastrophic events. (a) The commissioner shall
8 convene a working group to identify, assess, and recommend risk
9 transfer market mechanisms that:

10 (1) Promote investment in natural infrastructure to reduce
11 the risks of climate change related to catastrophic
12 events;

13 (2) Create incentives for investment in natural
14 infrastructure to reduce risks to communities; and

15 (3) Provide mitigation incentives for private investment
16 in natural lands to lessen exposure and reduce climate



1 risks to public safety, property, utilities, and
2 infrastructure.

3 (b) To the extent that the working group recommends risk
4 transfer market mechanisms that would be provided by insurance
5 and reinsurance companies, the working group shall recommend
6 mechanisms that:

7 (1) Are profitable to insurance and reinsurance companies;
8 and

9 (2) If appropriate, apply to communities or regions,
10 rather than individual land parcels.

11 (c) The policies recommended pursuant to subsections (a)
12 and (b) shall include the following considerations:

13 (1) Hawaii-analogous examples in other countries for
14 creating incentives for investment in natural
15 infrastructure as part of insurance policies that
16 mitigate elemental risks;

17 (2) Use of insurance to create incentives for wetland
18 restoration to help defend the coast against storm
19 surge;

20 (3) Creation of incentives for forests to be managed to
21 reduce the risk of major fires;



1 (4) Reduction of insurance companies' exposure to climate
2 change related losses through innovative state
3 policies or insurance pricing mechanisms that reward
4 good behavior and charge premiums for actions that
5 increase risks to public safety, property loss, or
6 environmental attributes; and

7 (5) Development of rating systems based on community risk
8 factors to climate events, and the use of insurance
9 incentives to make communities more resilient.

10 (d) The commissioner shall submit an annual report of the
11 working group's findings and recommendations, including any
12 proposed legislation, to the legislature no later than twenty
13 days prior to the convening of each regular session, beginning
14 with the regular session of 2026."

15 SECTION 2. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2025-2026 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2026-2027 for the Insurance Commissioner to convene a
20 working group to identify, assess, and recommend certain risk
21 transfer market mechanisms pursuant to this Act.



1 The sums appropriated shall be expended by the department
2 of commerce and consumer affairs for the purposes of this Act.

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2050.

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S.B. NO. 1129 S.D. 1

Report Title:

Insurance Commissioner; Working Group; Risk Transfer Market
Mechanisms; Reports; Appropriations

Description:

Requires the Insurance Commissioner to convene a working group to identify, assess, and recommend certain risk transfer market mechanisms. Requires annual report to the Legislature. Appropriates funds. Effective 7/1/2050. (SD1)

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