JAN 1 7 2025

A BILL FOR AN ACT

RELATING TO INSURANCE.

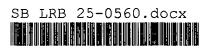
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The legislature finds that Hawaii's condominium
- 2 unit owners face increasing challenges in obtaining adequate and
- 3 affordable insurance coverage for their properties. In many
- 4 cases, insurance rates have increased by more than one thousand
- 5 three hundred per cent in a single year.
- 6 The legislature further finds that alternative insurance
- 7 models, including self-insurance, mutual insurance, and
- 8 investment-based protection programs, may provide viable
- 9 solutions for condominium associations and owners. Establishing
- 10 clear standards and requirements for these alternative models is
- 11 essential to protect condominium owners while ensuring the
- 12 financial stability and sustainability of the programs.
- 13 Accordingly, the purpose of this Act is to require the
- 14 insurance commissioner to:
- 15 (1) Develop comprehensive standards and requirements for
- 16 condominium associations and developers to the obtain



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1		property insurance through self-insurance and mutual
2		insurance;
3	(2)	Examine and evaluate the feasibility of implementing
4		guaranteed buyback programs and investment-based
5		protection funds for condominiums; and
6	(3)	Submit findings and recommendations, including any
7		proposed legislation, to the legislature no later than
8		twenty days prior to the convening of the regular
9		session of 2026.
10	SECT	ION 2. (a) The insurance commissioner shall:
11	(1)	Develop comprehensive standards and requirements,
12		including financial and maintenance requirements, for
13		condominium associations, developers, and groups of
14		condominium associations and developers, to the obtain
15		the property insurance required under
16		section 514B-143, Hawaii Revised Statutes, through
17		self-insurance and mutual insurance; and
18	(2)	Examine and evaluate the feasibility of implementing:
19		(A) Guaranteed buyback programs and investment-based
20		protection funds for condominiums; and
21		(B) An alternative model for condominiums in which:



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1	(i) Unit owners deposit extra moneys each month
2	into a fund, which accumulates interest;
3	(ii) The fund accumulates interest; and
4	(iii) Moneys in the fund may be used for major
5	repairs, guaranteed buyback at a minimum
6	value, emergency situations, and future down
7	payments on other properties.
8	(b) The standards and requirements developed under
9	subsection (a)(1) shall comply with the requirements of
10	federally chartered mortgage lending entities, such as Fannie
11	Mae and Freddie Mac, to allow unit owners and potential unit
12	purchasers to qualify for a mortgage.
13	(c) The insurance commissioner shall submit a report of
14	its findings and recommendations, including any proposed
15	legislation, to the legislature no later than twenty days prior
16	to the convening of the regular session of 2026.
17	(d) As used in this Act:
18	"Condominium association" has the same meaning as
19	"association" in section 514B-3, Hawaii Revised Statutes.
20	"Developer" has the same meaning as in section 514B-3,
21	Hawaii Revised Statutes.

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- "Unit owner" has the same meaning as in section 514B-3, 1
- 2 Hawaii Revised Statutes.
- SECTION 3. This Act shall take effect upon its approval. 3

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Report Title:

Condominiums; Developers; Insurance Commissioner; Mutual Insurance; Self-Insurance; Study

Description:

Requires the Insurance Commissioner to develop comprehensive standards and requirements for condominium associations and developers to obtain property insurance through self-insurance and mutual insurance, and examine and evaluate the feasibility of implementing guaranteed buyback programs and investment-based protection funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.