

JAN 23 2026

A BILL FOR AN ACT

RELATING TO PROPERTY INSURANCE.

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

1 SECTION 1. The legislature finds that Hawaii faces
2 extraordinary challenges in disaster recovery because of its
3 geographic location, high housing costs, limited rental
4 inventory, and dependence on imported materials. These factors
5 cause significant delays in rebuilding and replacing homes after
6 catastrophic events.

7 The legislature further finds that the 2023 Maui wildfires
8 destroyed thousands of homes and displaced thousands of
9 individuals, revealing not only the vulnerability of the State,
10 but also the urgent need for modernized insurance policies that
11 reflect Hawaii's unique realities in rebuilding. In Hawaii,
12 disaster recovery frequently takes five years or longer, due to
13 severe underinsurance gaps, material shortages and shipping
14 delays, workforce limitations, and complex permitting and
15 financing processes.

16 The legislature further finds that residents often face
17 unavoidable delays that prevent timely rebuilding, including



1 government-imposed construction moratoriums, permit backlogs,
2 labor shortages, and global supply chain disruptions. Current
3 insurance timelines are insufficient for Hawaii's long-term
4 recovery needs. Policyholders risk losing benefits simply
5 because they ran out of time, not because they failed to act.

6 The legislature notes that California and Oregon provide
7 extended time frames for collecting replacement cost value
8 payments.

9 The purpose of this Act is to ensure that Hawaii residents
10 receive adequate protection from their homeowners insurance
11 policies by establishing a fair and realistic time frame for
12 policyholders to access benefits, while keeping homeowners
13 insurer liability capped at existing policy limits.

14 Specifically, this Act requires homeowners insurers to:

- 15 (1) Allow policyholders thirty-six months following a loss
16 due to declared disaster or emergency to submit
17 documentation to recover the full replacement cost
18 value of a covered dwelling or structure;
- 19 (2) Offer policyholders six-month extensions of the
20 thirty-six month period for good cause;



(3) Give policyholders one year following the completion of repairs, rebuilding, or replacement to recover the full replacement cost value of covered personal property; and

(4) After a loss due to declared disaster or emergency, disclose to each policyholder the relevant timelines and the opportunity for extension in certain circumstances.

SECTION 2. Chapter 431, Hawaii Revised Statutes, is amended by adding a new part to article 10E to be appropriately designated and to read as follows:

"PART . EXTENDED REPLACEMENT COST RECOVERY

§431:10E- Definitions. As used in this part:

"Actual cash value" means the cost to repair, rebuild, or replace damaged property, less the depreciation properly applicable to the damaged property.

"Good cause" means circumstances beyond the control of the policyholder, including:

- (1) Permit or inspection delays;
- (2) A shortage of qualified contractors or labor;
- (3) Material shipping or supply chain disruptions;



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- (4) Financing or insurance payment delays;
- (5) Government-imposed construction moratoriums; or
- (6) Emergency orders; a subsequent declared disaster; or
an emergency declared by the President of the United
States, the governor, or a county government.

"Homeowners insurance" has the same meaning as in
section 431:14-110.8.

"Homeowners insurer" has the same meaning as in
section 431:14-110.8.

"Policyholder" means the person named as the insured under
the homeowners insurance.

"Replacement cost value" means the amount necessary to
repair, rebuild, or replace damaged property with materials of
like kind and quality, without deduction for depreciation,
including the cost of:

- (1) Labor and materials;
- (2) Overhead and profit;
- (3) Demolition and debris removal;
- (4) Architectural and engineering fees;
- (5) Permits and inspections; and
- (6) Other necessary costs.



1 **\$431:10E- Minimum time frame to capture dwelling**
2 **replacement cost value.** In the event of the total or partial
3 loss of a covered dwelling or other insured structure as a
4 result of a declared disaster or emergency, a policyholder shall
5 have at least thirty-six months from the date the policyholder
6 receives the first actual cash value payment from the homeowners
7 insurer to submit documentation and collect the full replacement
8 cost value. The homeowners insurer shall not limit or deny the
9 policyholder's right to recover full replacement cost value
10 during this thirty-six-month period.

11 **\$431:10E- Extensions for good cause.** If the
12 policyholder cannot complete the repair, rebuilding, or
13 replacement within the thirty-six-month period for good cause,
14 the homeowners insurer shall grant a six-month extension to the
15 thirty-six-month period upon the written request of the
16 policyholder. The policyholder may request up to four
17 additional six-month extensions for a total recovery period of
18 no more than sixty months from the date the policyholder
19 received the first actual cash value payment from the homeowners
20 insurer. The homeowners insurer shall approve an extension
21 request if the delay is for good cause. A homeowners insurer in



1 its discretion may grant a policyholder additional extensions,
2 totaling more than sixty months from the date the policyholder
3 received the first actual cash value payment from the homeowners
4 insurer.

5 **\$431:10E- Personal property replacement cash value time**
6 **frame.** In the event of the total or partial loss of a covered
7 dwelling or other insured structure as a result of a declared
8 disaster or emergency, the policyholder shall have at least one
9 year after the completion of the repair, rebuilding, or
10 replacement of the dwelling or other structure to submit
11 documentation to collect the full replacement cost value of the
12 personal property.

13 **\$431:10E- Notice requirements.** A homeowners insurer
14 shall provide clear, written notice of the replacement cash
15 value time frames to a policyholder no later than thirty days
16 after the homeowners insurer is notified of a declared disaster
17 or emergency affecting the insured property. The notice shall
18 include explanations of:

- 19 (1) The thirty-six-month minimum time frame for dwelling
20 replacement cost value;




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- 1 (2) The availability of six-month extensions for good
2 cause with examples of events constituting good cause;
3 (3) The process for requesting extensions; and
4 (4) The one-year time frame for personal property
5 replacement cost value."

6 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

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Report Title:

Property Insurance; Disaster Recovery; Replacement Cost Value;
Actual Cost Value; Payment Time Frames

Description:

Establishes a minimum time frame of 36 months following loss due to declared disaster or emergency for the policyholder to submit documentation to recover full replacement cost value of covered dwelling or structure. Allows extensions for good cause.

Establishes a minimum time frame of one year from completion of covered dwelling or structure for the policyholder to submit documentation to recover full replacement cost value of covered personal property. Requires homeowners insurers to give timely notice to policyholders to explain the time frames and extensions.

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

