

JAN 23 2026

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 faces unique
2 and extraordinary challenges in responding to and recovering
3 from catastrophic events due to its geographic isolation,
4 preexisting housing shortage, high cost of living, and reliance
5 on limited and fragile supply chains for construction materials.
6 These factors have complicated Hawaii's recovery from recent
7 disasters. For example, the August 2023 Maui wildfires
8 destroyed thousands of homes and displaced families for extended
9 periods of time. Even now, more than two years later, many
10 survivors of the Maui wildfires remain without permanent
11 housing.

12 The devastation caused by the Maui wildfires highlighted
13 Hawaii's extreme vulnerability to major disasters and
14 underscored the need for the State to proactively strengthen
15 disaster recover policies, improve housing resiliency, and
16 ensure that every island is prepared to respond to future



1 catastrophes, including wildfires, hurricanes, tsunami, floods,
2 and volcanic eruptions.

3 The legislature further finds that, although federal and
4 state disaster housing programs may provide temporary relief
5 following disasters, they are insufficient to meet the long-term
6 needs of displaced families, especially families facing
7 rebuilding delays due to supply chain disruptions or workforce
8 shortages. Further complicating recovery is the fact that many
9 survivors of natural disasters are underinsured and thus are
10 unable to fully cover the cost to rebuild their homes. These
11 families must seek additional funds, apply for loans, or rebuild
12 incrementally.

13 These financial and logistical challenges result in long
14 displacement timelines, often stretching five years or longer
15 before permanent homes are completed. During this period,
16 families must live in expensive, inadequate, or unstable living
17 arrangements, such as hotels or crowded rentals, or are forced
18 to relocate away from their communities.

19 The legislature finds that it is vital that families be
20 able to remain in their communities during recovery so they can
21 oversee rebuilding, protect their land, maintain cultural and



1 community ties, and ensure that their voices are part of the
2 recovery process. However, current insurance policies often
3 prohibit the use of additional living expenses benefits, which
4 are also referred to as loss of use benefits, for the purchase
5 of a manufactured home or similar temporary unit, even when that
6 option is more cost effective and stabilizing.

7 The legislature finds that allowing homeowners more
8 flexibility in the use of additional living expenses benefits
9 will provide families with dignity, stability, and a practical
10 path to remain close to home while supporting the State's
11 long-term recovery goals. Displaced insured persons often incur
12 significant immediate expenses for lodging, deposits, and
13 relocation after a total loss. Delays in the payment of
14 additional living expenses can force survivors into debt, unsafe
15 housing, or displacement from their communities. An advance
16 payment standard would provide stability and ensure timely
17 access to necessary housing during a critical period.

18 The legislature also recognizes that rebuilding timelines
19 after disasters frequently exceed the standard duration of
20 additional living expenses benefits due to factors beyond the
21 insured's control. Providing a uniform minimum additional



1 living expenses benefits duration, with mechanisms for
2 extensions, will prevent bankruptcies, premature displacements,
3 financial hardships, and homelessness.

4 Accordingly, the purpose of this Act is to provide insured
5 persons with greater flexibility in using additional living
6 expenses benefits by requiring insurers to:

7 (1) Authorize the use of additional living expenses
8 benefits for the purchase or lease of a housing unit
9 to serve as the insured's temporary primary residence;

10 (2) Issue an advance payment of a certain amount of
11 additional living expenses benefits following the
12 determination of a total loss caused by a covered
13 peril that occurred during a state of emergency; and

14 (3) Provide additional living expenses benefits for a
15 minimum of thirty-six months from the date of a total
16 loss that occurred during a state of emergency.

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



1 "PART . ADDITIONAL LIVING EXPENSES BENEFITS; AUTHORIZED USES;
2 ADVANCE PAYMENTS; DURATION

3 **\$431:10E-A Definitions.** As used in this part, unless the
4 context otherwise requires:

5 "Additional living expenses benefits" refers to insurance
6 coverage that pays for temporary housing expenses and certain
7 other expenses resulting from a covered peril. "Additional
8 living expenses" includes loss of use benefits.

9 "Housing unit" means any housing used as a temporary
10 primary residence and includes a recreational vehicle,
11 manufactured home, or tiny home.

12 "State of emergency" means a state of emergency or local
13 state of emergency declared by the governor or a mayor pursuant
14 to section 127A-14.

15 **\$431:10E-B Authorized uses; calculation; payment.** (a)
16 Notwithstanding any other law or policy language to the
17 contrary, an insurer issuing or renewing a homeowners insurance
18 policy in this State shall permit an insured who has sustained a
19 total loss to apply additional living expenses benefits toward
20 the purchase or lease of a housing unit to serve as the
21 insured's temporary primary residence.



1 (b) An insurer shall consider the purchase or lease of a
2 housing unit pursuant to subsection (a) to be a reasonable and
3 necessary expense if:

4 (1) The cost of the purchase or lease is less than or
5 comparable to the total estimated cost of other
6 reasonable temporary housing options for the
7 anticipated displacement period;

8 (2) No comparable long-term rental housing is reasonably
9 available within miles of the insured
10 property; or

11 (3) The insured's household has specific needs that are
12 better met by a covered housing unit, including
13 disability accommodations or the ability to remain on
14 the premises of the insured property.

15 (c) The total amount payable under this section shall not
16 exceed the limit of the policy's additional living expenses
17 benefits.

18 (d) An insurer may require an insured to submit
19 documentation of the purchase price, condition, and intended use
20 of the housing unit purchased or leased under this section.



(e) Except as provided in section 431:10E-D, nothing in this section shall be construed to extend the duration or dollar limit of additional living expenses benefits beyond the duration or dollar limit provided in the policy.

§431:10E-C Advance payments of additional living expenses benefits after state of emergency. (a) Upon determination of a total loss caused by a peril that:

(1) Is covered under a homeowners insurance policy; and

(2) Occurred pursuant to a state of emergency,

an insurer, within seven calendar days of a request by the insured, shall issue an advance payment of no less than four months of the insured's additional living expenses benefits.

(b) An advance issued under subsection (a) shall not be construed to affect an insured's right to claim further additional living expenses benefits, subject to the policy's limits.

§431:10E-D Extended duration for additional living expenses benefits; states of emergency. (a) In the event of a total loss caused by a peril that:

(1) Is covered under a homeowners insurance policy; and

(2) Occurred during a state of emergency,



1 an insurer issuing or renewing a homeowners insurance policy in
2 this State shall provide additional living expenses benefits for
3 a minimum of thirty-six months from the date of the total loss.

4 (b) An insurer shall grant extensions of additional living
5 expenses benefits in six-month increments if there are delays to
6 the permanent rebuilding of the primary residence because of
7 permitting issues, material shortages, labor shortages, or other
8 factors outside of the control of the insured.

9 (c) Nothing in this section shall be construed to prohibit
10 an insurer from allowing an insured additional time to collect:

11 (1) The full replacement cost; or

12 (2) Additional living expenses benefits beyond what is
13 specified in the policy."

14 SECTION 3. In codifying the new sections added by section
15 2 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

18 SECTION 4. This Act does not affect rights and duties that
19 matured, penalties that were incurred, and proceedings that were
20 begun before its effective date.



S.B. NO. 2961

1 SECTION 5. This Act shall take effect on January 1, 2027,
2 and shall apply to all homeowners insurance policies issued or
3 renewed on or after that date.

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INTRODUCED BY: _____

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S.B. NO. 2961

Report Title:

Homeowners Insurance; Additional Living Expenses; ALE Benefits; Purchase or Lease of Temporary Primary Residence; Advance Payments; Extended Coverage

Description:

Requires homeowners insurance policies to permit an insured who sustains a total loss to apply additional living expenses benefits toward the purchase or lease of a housing unit to serve as the insured's temporary primary residence. Requires insurers to pay an advance of at least 4 months of additional living expenses benefits after a total loss to an insured's primary dwelling caused by a covered peril that occurred pursuant to a state of emergency. Requires homeowners insurance policies to provide additional living expenses benefits for a minimum of 36 months in the event of a total loss that occurred during a state of emergency. Provides for extensions of additional living expenses benefits under certain conditions.

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

