THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2961 S.D. 1

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

SECTION 1. The legislature finds that the State faces unique and extraordinary challenges in responding to and recovering from catastrophic events due to its geographic isolation, preexisting housing shortage, high cost of living, and reliance on limited and fragile supply chains for construction materials. These factors have complicated the State's recovery from recent disasters. For example, the August 2023 Maui wildfires destroyed thousands of homes and displaced families for extended periods of time. Even now, more than two years later, many survivors of the Maui wildfires remain without permanent housing.

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

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

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

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

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

community ties, and ensure that their voices are part of the recovery process.

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

The legislature also recognizes that rebuilding timelines after disasters frequently exceed the standard duration of additional living expenses benefits due to factors beyond the insured's control. Providing a uniform minimum additional living expenses benefits duration, with mechanisms for extensions, will prevent bankruptcies, premature displacements, financial hardships, and homelessness.

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

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

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

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

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 . ADDITIONAL LIVING EXPENSES BENEFITS; AUTHORIZED USES; ADVANCE PAYMENTS; DURATION**

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

"Additional living expenses benefits" refers to insurance coverage that pays for temporary housing expenses and certain

other expenses resulting from a covered peril. "Additional living expenses benefits" includes loss of use benefits.

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

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

§431:10E-B Authorized uses; state of emergency; calculation; payment. (a) Notwithstanding any other law or policy language to the contrary, an insurer issuing or renewing a homeowners insurance policy in this State shall permit an insured who has sustained a total loss after a declared state of emergency to apply additional living expenses benefits toward the lease of a housing unit to serve as the insured's temporary primary residence.

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

(1) The cost of the lease is less than or comparable to the total estimated cost of other reasonable temporary

housing options for the anticipated displacement period; or

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

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

(d) An insurer may require an insured to submit documentation of the price, condition, and intended use of the housing unit 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 ten business days of a request by the insured, shall issue an advance payment of not less than four months of the insured's additional living expenses benefits.

(b) An advance issued under subsection (a) shall not:

(1) Be construed to affect an insured's right to claim further additional living expenses benefits, subject to the policy's limits; or

(2) Alter any other terms or conditions of the additional living expenses benefits payment schedule stated in the policy.

§431:10E-D Extended duration for additional living expenses benefits; state 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,

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

(b) An insurer shall grant extensions of additional living expenses benefits in six-month increments if there are delays to the permanent rebuilding of the primary residence because of

permitting issues, materials shortages, labor shortages, or other factors outside of the control of the insured.

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

(1) The full replacement cost; or

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

(d) Nothing in this section shall be construed to require an insurer to alter the terms and conditions of the insuring agreement."

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

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

SECTION 5. This Act shall take effect on July 1, 2050, and shall apply to all homeowners insurance policies issued or renewed on or after that date.

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Report Title:
Homeowners Insurance; Additional Living Expenses; ALE Benefits; Lease of Temporary Primary Residence; Advance Payments; Extended Coverage; State of Emergency

Description:
Requires homeowners insurance policies to permit an insured who sustains a total loss to apply additional living expenses benefits toward the 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. Effective 7/1/2050. (SD1)

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