
A BILL FOR AN ACT

RELATING TO LAVA ZONE INSURANCE.

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

1 SECTION 1. The legislature finds that homeowners residing
2 in lava zones 1 and 2 face unique challenges caused by the
3 inherent volcanic hazards associated with their properties.
4 Based on these challenges, the legislature further finds that it
5 is appropriate to help alleviate some of the financial burden of
6 insurance premiums for these properties through the
7 establishment of a dedicated lava zone insurance fund. The
8 intent of the fund is to subsidize the cost of insurance
9 premiums for properties in lava zones 1 and 2, thereby reducing
10 the disproportionate burden placed upon homeowners because of
11 the geographic location of their properties.

12 The legislature additionally finds that subsidizing the
13 cost of insurance premiums for properties in these zones will
14 promote fairness, affordability, and accessibility in the
15 insurance market, encouraging homeownership and community
16 resilience in these unique geographical areas.



1 Accordingly, the purpose of this Act is to ensure that
2 people are not forced to lose their homes over a sudden rise in
3 homeowners' insurance by establishing a fair and equitable
4 resource to subsidize property insurance for homeowners residing
5 in lava zones 1 and 2.

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

9 "§431:10E- Lava zone insurance special fund; lava zone
10 subsidy program. (a) There is established a lava zone
11 insurance special fund into which shall be deposited the
12 following moneys:

13 (1) Appropriations by the legislature to the special fund;
14 (2) Gifts, donations, and grants from public agencies and
15 private persons;
16 (3) Any proceeds collected by the division derived from
17 fees charged to carry out the purposes of this
18 section; and
19 (4) Civil, criminal, and administrative penalties, fines,
20 and other charges, if any, collected under this
21 chapter or any rule adopted pursuant to this chapter.



1 (b) All interest earned or accrued on moneys deposited in
2 the fund shall become part of the fund.

3 (c) Moneys in the fund shall be expended by the
4 commissioner to subsidize the cost of insurance premiums for
5 homeowners in properties in lava zones 1 and 2; provided that:

6 (1) A homeowner does not own a real estate investment
7 property;

8 (2) The homeowner is a part of a low-income household as
9 determined by the United States Department of Housing
10 and Urban Development; and

11 (3) No more than per cent of the moneys may be used
12 to cover administrative and operational costs of the
13 lava zone subsidy program.

14 (d) The subsidy amount for each homeowner shall not be
15 more than \$ and for a period of years.

16 (e) Moneys deposited in the fund shall not revert to the
17 general fund.

18 (f) The commissioner shall adopt rules in accordance with
19 chapter 91 for the purposes of this section, including the
20 establishment of any fees, penalties, fines, and other charges
21 that may be needed to implement the lava zone subsidy program."



1 SECTION 3. Section 431:2-215, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) All assessments, fees, fines, penalties, and
4 reimbursements collected by or on behalf of the insurance
5 division under title 24, except for the commissioner's education
6 and training fund (section 431:2-214), the patients'
7 compensation fund (Act 232, Session Laws of Hawaii 1984), the
8 drivers education fund underwriters fee (sections 431:10C-115
9 and 431:10G-107), [and] the captive insurance administrative fund
10 (section 431:19-101.8) to the extent provided by section 431:19-
11 101.8(b), and the lava zone insurance special fund (section
12 431:10E-), shall be deposited into the compliance resolution
13 fund under section 26-9(o). All sums transferred from the
14 insurance division into the compliance resolution fund may be
15 expended by the commissioner to carry out the commissioner's
16 duties and obligations under title 24."

17 SECTION 4. Section 431:10E-141, Hawaii Revised Statutes,
18 is amended to read as follows:

19 "[+]§431:10E-141[+] ~~Lava zone defined.~~ Definitions. As
20 used in this article[, ~~"lava~~]:



1 "Lava zone" means a volcanic hazard zone identified by the
2 United States Geological Survey on the island of Hawaii.

3 "Lava zone 1" means the land area classified by the United
4 States Geological Survey as lava flow hazard zone 1 and includes
5 volcanic vents in the summits and rift zones of Kilauea and
6 Mauna Loa where vents have been repeatedly active in historic
7 time.

8 "Lava zone 2" means the land area classified by the United
9 States Geological Survey as lava flow hazard zone 2 and includes
10 areas adjacent to and downslope of zone 1."

11 SECTION 5. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2026-2027 to be
14 deposited into the lava zone insurance special fund.

15 SECTION 6. There is appropriated out of the lava zone
16 insurance special fund the sum of \$ or so much thereof
17 as may be necessary for fiscal year 2026-2027 to subsidize the
18 cost of insurance premiums for properties in lava zones 1 and 2
19 pursuant to section 2 of this Act.

20 The sum appropriated shall be expended by the department of
21 commerce and consumer affairs for the purposes of this Act.



1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 3000.



Report Title:

Property Insurance; Lava Zones; Premiums; Lava Zone Insurance
Special Fund; Appropriation

Description:

Establishes a Lava Zone Insurance Special Fund to subsidize the
cost of insurance premiums for properties in lava zones 1 and 2.
Defines lava zones 1 and 2. Appropriates funds. Effective
7/1/3000. (HD1)

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not legislation or evidence of legislative intent.*

