THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 1129 S.D. 1

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to part II of article 2 to be appropriately designated and to read as follows:

"**§431:2- Working group to identify, assess, and recommend risk transfer market mechanisms to promote investment in natural infrastructure to reduce risks of climate change related to catastrophic events.** (a) The commissioner shall convene a working group to identify, assess, and recommend risk transfer market mechanisms that:

(1) Promote investment in natural infrastructure to reduce the risks of climate change related to catastrophic events;

(2) Create incentives for investment in natural infrastructure to reduce risks to communities; and

(3) Provide mitigation incentives for private investment in natural lands to lessen exposure and reduce climate

risks to public safety, property, utilities, and infrastructure.

(b) To the extent that the working group recommends risk transfer market mechanisms that would be provided by insurance and reinsurance companies, the working group shall recommend mechanisms that:

(1) Are profitable to insurance and reinsurance companies; and

(2) If appropriate, apply to communities or regions, rather than individual land parcels.

(c) The policies recommended pursuant to subsections (a) and (b) shall include the following considerations:

(1) Hawaii-analogous examples in other countries for creating incentives for investment in natural infrastructure as part of insurance policies that mitigate elemental risks;

(2) Use of insurance to create incentives for wetland restoration to help defend the coast against storm surge;

(3) Creation of incentives for forests to be managed to reduce the risk of major fires;

(4) Reduction of insurance companies' exposure to climate change related losses through innovative state policies or insurance pricing mechanisms that reward good behavior and charge premiums for actions that increase risks to public safety, property loss, or environmental attributes; and

(5) Development of rating systems based on community risk factors to climate events, and the use of insurance incentives to make communities more resilient.

(d) The commissioner shall submit an annual report of the working group's findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of each regular session, beginning with the regular session of 2026."

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the Insurance Commissioner to convene a working group to identify, assess, and recommend certain risk transfer market mechanisms pursuant to this Act.

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

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2050.

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Report Title:
Insurance Commissioner; Working Group; Risk Transfer Market Mechanisms; Reports; Appropriations

Description:
Requires the Insurance Commissioner to convene a working group to identify, assess, and recommend certain risk transfer market mechanisms. Requires annual report to the Legislature. Appropriates funds. Effective 7/1/2050. (SD1)

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