
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 the State 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 the State,
12 disaster recovery frequently takes five years or longer, due to
13 severe underinsurance gaps, materials shortages, shipping
14 delays, workforce limitations, and complex permitting and
15 financing processes.

16 The legislature also finds that state 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 the State's long-term
4 recovery needs. Policyholders risk losing benefits simply
5 because they run out of time, not because they fail 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 state 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 twenty-four months following a
16 loss due to a declared state of 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 twenty-four month period for good cause;



1 (3) Give policyholders twelve months following the
2 completion of repairs, rebuilding, or replacement to
3 recover the full replacement cost value of covered
4 personal property; and

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

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

12 "PART . EXTENDED REPLACEMENT COST RECOVERY

13 §431:10E- Definitions. As used in this part:

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

17 "Declared state of emergency" means a state of emergency
18 declared by the governor pursuant to chapter 127A that provides
19 a specific geographic location and that is connected with a
20 specific catastrophe.



1 "Good cause" means the policyholder was acting in good
2 faith and with reasonable diligence when the policyholder
3 encountered circumstances beyond the control of the
4 policyholder, including:

- 5 (1) Permit or inspection delays;
- 6 (2) A shortage of qualified contractors or labor;
- 7 (3) Materials shipping or supply chain disruptions;
- 8 (4) Financing or insurance payment delays;
- 9 (5) Government-imposed construction moratoriums; or
- 10 (6) Emergency orders; a subsequent declared disaster; or
11 an emergency declared by the President of the United
12 States, the governor, or a county government.

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

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

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

19 "Replacement cost value" means the amount necessary to
20 repair, rebuild, or replace damaged property with materials of



1 like kind and quality, without deduction for depreciation,
2 including the cost of:

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

9 **§431:10E- Minimum time frame to capture dwelling**

10 **replacement cost value.** In the event of the total or partial
11 loss of a covered dwelling or other insured structure as a
12 result of a declared state of emergency, a policyholder shall
13 have at least twenty-four months from the date the policyholder
14 receives the first actual cash value payment from the homeowners
15 insurer to submit documentation and collect the full replacement
16 cost value, up to policy limits.

17 **§431:10E- Extensions for good cause.** If the

18 policyholder cannot complete the repair, rebuilding, or
19 replacement within the twenty-four-month period for good cause,
20 the homeowners insurer shall grant a six-month extension to the
21 twenty-four-month period upon the written request of the



1 policyholder. The policyholder may request up to two additional
2 six-month extensions for a total recovery period of no more than
3 thirty-six months from the date the policyholder received the
4 first actual cash value payment from the homeowners insurer.

5 The homeowners insurer shall approve an extension request if the
6 delay is for good cause. A homeowners insurer in its discretion
7 may grant a policyholder additional extensions, totaling more
8 than thirty-six months from the date the policyholder received
9 the first actual cash value payment from the homeowners insurer.

10 **§431:10E- Personal property replacement cash value time**
11 **frame.** In the event of the total or partial loss of a covered
12 dwelling or other insured structure as a result of a declared
13 state of emergency, the policyholder shall have at least twelve
14 months after the completion of the repair, rebuilding, or
15 replacement of the dwelling or other structure to submit
16 documentation to collect the full replacement cost value of the
17 personal property.

18 **§431:10E- Notice requirements.** A homeowners insurer
19 shall provide clear, written notice of the replacement cash
20 value time frames to a policyholder no later than thirty days
21 after a claim has been made that is the result of a declared



1 state of emergency affecting the insured property. The notice
2 shall include explanations of:

- 3 (1) The twenty-four-month minimum time frame for dwelling
4 replacement cost value;
- 5 (2) The availability of six-month extensions for good
6 cause with examples of events constituting good cause;
- 7 (3) The process for requesting extensions; and
- 8 (4) The twelve-month time frame for personal property
9 replacement cost value."

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



Report Title:

Property Insurance; Declared State of Emergency; Replacement Cost Value; Actual Cost Value; Payment Time Frames

Description:

Establishes a minimum time frame of twenty-four months following loss due to declared state of 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 twelve months 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. Effective 7/1/3000. (HD1)

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

