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

12           The devastation caused by the Maui wildfires highlighted  
13 the State's extreme vulnerability to major disasters and  
14 underscored the need for the State to proactively strengthen  
15 disaster recovery 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.

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

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





1 other expenses resulting from a peril covered under a policy.  
2 "Additional living expenses benefits" includes loss of use  
3 benefits.

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

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

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

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



1 (1) The cost of the lease is less than or comparable to  
2 the total estimated cost of other reasonable temporary  
3 housing unit options for the anticipated displacement  
4 period; or

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

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

12 (d) An insurer may require an insured to submit  
13 documentation of the price, condition, and intended use of the  
14 housing unit leased under this section.

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

19 **§431:10E-C Advance payments of additional living expenses**  
20 **benefits after state of emergency.** (a) Upon determination of a  
21 total loss caused by a peril:



1 (1) That is covered under a homeowners insurance policy;  
2 and

3 (2) For which a state of emergency was declared,  
4 an insurer, within ten business days of a request by the  
5 insured, shall issue an advance payment of no less than four  
6 months of the insured's additional living expenses benefits.

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

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

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

14 **§431:10E-D Extended duration for additional living**  
15 **expenses benefits; state of emergency.** (a) In the event of a  
16 total loss caused by a peril:

17 (1) That is covered under a homeowners insurance policy;  
18 and

19 (2) For which a state of emergency was declared,  
20 an insurer issuing or renewing a homeowners insurance policy in  
21 this State shall provide additional living expenses benefits for



1 a minimum of twenty-four months from the date of the total loss,  
2 subject to the policy limits.

3 (b) An insurer shall grant extensions of additional living  
4 expenses benefits in six-month increments for a total period of  
5 no more than thirty-six months if there are delays to the  
6 permanent rebuilding of the insured primary residence because of  
7 permitting issues, materials shortages, labor shortages, or  
8 other 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 (d) Nothing in this section shall be construed to require  
15 an insurer to alter the terms and conditions of the insuring  
16 agreement."

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



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

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



**Report Title:**

Homeowners Insurance; Additional Living Expenses 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 from a peril for which a state of emergency was declared to (1) apply additional living expenses benefits toward the lease of a housing unit to serve as the insured's temporary primary residence; (2) pay an advance of at least four months of additional living expenses benefits; and (3) provide additional living expenses benefits for a minimum of twenty-four months, subject to policy limits. Provides for extensions of additional living expenses benefits under certain conditions. Effective 7/1/2050. (HD1)

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