
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 covered peril. "Additional
2 living expenses benefits" includes loss of use benefits.

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

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

9 **§431:10E-B Authorized uses; state of emergency;**
10 **calculation; payment.** (a) Notwithstanding any other law or
11 policy language to the contrary, an insurer issuing or renewing
12 a homeowners insurance policy in this State shall permit an
13 insured who has sustained a total loss after a declared state of
14 emergency to apply additional living expenses benefits toward
15 the lease of a housing unit to serve as the insured's temporary
16 primary residence.

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

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



1 housing options for the anticipated displacement
2 period; or

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

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

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

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

17 **§431:10E-C Advance payments of additional living expenses**
18 **benefits after state of emergency.** (a) Upon determination of a
19 total loss caused by a peril that:

20 (1) Is covered under a homeowners insurance policy; and

21 (2) Occurred pursuant to a state of emergency,



1 an insurer, within ten business days of a request by the
2 insured, shall issue an advance payment of not less than four
3 months of the insured's additional living expenses benefits.

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

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

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

11 **§431:10E-D Extended duration for additional living**

12 **expenses benefits; state of emergency.** (a) In the event of a
13 total loss caused by a peril that:

14 (1) Is covered under a homeowners insurance policy; and

15 (2) Occurred during a state of emergency,

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

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



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

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

5 (1) The full replacement cost; or

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

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

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

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

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



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)

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

