THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 706

JAN 17 2025

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

SECTION 1. Section 431:21-105, Hawaii Revised Statutes, is amended to read as follows:

"**§431:21-105 Powers and duties of the association.** (a) In addition to any other requirements imposed by law, the association shall:

(1) Formulate and administer a plan of operation to insure persons having an insurable interest in real property, including commercial property, or tangible personal property in the area designated by the commissioner; provided that coverage for commercial risks shall be contingent upon the person being denied such coverage by no less than two insurers;

(2) Reimburse each servicing facility for obligations of the association paid by the facility and for expenses incurred by the facility while processing applications and servicing policies on behalf of the association; and

(3) Collect and maintain statistical information and other information required by the commissioner.

(b) In addition to any other powers allowed by law, the association may:

(1) Add additional insurance coverages with the approval of the commissioner[~~, including coverage for commercial risks up to the limits of coverage for residential risks as set forth in the plan of operation~~];

(2) Employ or retain persons as are necessary to perform the duties of the association;

(3) Contract with a member insurer to perform the duties of the association;

(4) Sue or be sued;

(5) Borrow funds necessary to effectuate the purposes of this article in accord with the plan of operation;

(6) If approved by the commissioner, assess member insurers amounts necessary to cover extraordinary losses incurred by the association. Each member insurer shall be notified of the assessment not later than thirty days before it is due. No member insurer

may be assessed in any year an amount greater than two per cent of that member insurer's net direct written premiums for the preceding calendar year. The association may exempt or defer, in whole or in part, the assessment of any member insurer if the assessment would cause the member insurer's financial statement to reflect amounts of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer is authorized to transact business;

(7) Devise a method to give credit to member insurers for homeowners and fire insurance policies individually underwritten on risks located in the area designated for coverage by the association;

(8) Negotiate and become a party to contracts as are necessary to carry out the purposes of this article; and

(9) Perform all other acts as are necessary or proper to effectuate the purpose of this article."

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

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY:

S.B. NO. 706

Report Title:
Insurance; Hawaii Property Insurance Association; Plan of Operation; Commercial Properties

Description:
Requires the Hawaii Property Insurance Association to include in its plan of operation insurance coverage for commercial properties twice denied by private insurers.

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