

S.B. NO. 3014

JAN 22 2008

A BILL FOR AN ACT

RELATING TO THE HAWAII HURRICANE RELIEF FUND.

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

1 SECTION 1. Section 431P-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "policy of hurricane
3 property insurance" to read as follows:

4 ""Policy of hurricane property insurance" means a policy or
5 endorsement of insurance issued by the fund insuring only against
6 damage or loss to eligible property caused by a covered event in
7 excess of the deductible and up to:

8 (1) [~~\$750,000~~] \$1,000,000 per risk on real property of one
9 to four units used for residential purposes and the
10 personal property located therein or thereon and other
11 structures at the insured location, subject to the
12 limits defined by the plan of operation or any manual
13 of rules and rates adopted under the plan of operation;
14 and

15 (2) [~~\$500,000~~] \$750,000 per risk on real and personal
16 property used for business, commercial, or industrial

1 purposes, subject to the limits defined by the plan of
2 operation or any manual of rules and rates adopted
3 under the plan of operation; provided that the board
4 may designate an association of property owners or
5 cooperative housing corporation to be a commercial
6 risk;

7 provided that this policy or endorsement shall not include
8 coverage for business interruption and other similar coverages."

9 SECTION 2. Section 431P-10, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Policies issued by the fund shall provide a maximum
12 aggregate coverage of up to [~~\$750,000~~] \$1,000,000 per risk on
13 real property of one to four units used for residential purposes
14 and [~~\$500,000~~] \$750,000 per risk for real property used for
15 business, commercial, or industrial purposes and shall provide
16 for a mandatory deductible. The deductible amount for
17 residential property policies shall be the greater of \$1,000 or
18 one per cent of the insured value or the greater of \$2,000 or two
19 per cent of the insured value; provided that the board may
20 establish higher deductible limits. The deductible amount for
21 commercial property policies shall be the greater of \$5,000 or
22 five per cent of the insured value or an amount equivalent to all

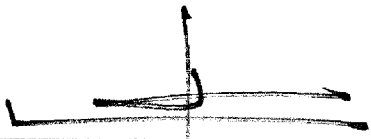
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1 the other perils deductible of the companion policy; provided
2 that the board may establish higher deductible limits."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

6
7 INTRODUCED BY:


BY REQUEST

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9
10

Report Title:

Hawaii Hurricane Relief Fund Coverage Limits

Description:

Increases insurance coverages available under the Hawaii Hurricane Relief Fund to reflect increases in property values.

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII HURRICANE RELIEF FUND.

PURPOSE: To increase insurance coverages available under the Hawaii Hurricane Relief Fund by \$250,000 to reflect increases in property values.

MEANS: Amend sections 431P-1 and 431P-10(a), Hawaii Revised Statutes.

JUSTIFICATION: The current Hawaii Hurricane Relief Fund coverage limits were established in 1993; since that time construction costs and property valuations have increased significantly. The present limits will not be adequate in the event of a hurricane.

Impact on the public: Provides more appropriate insurance coverage for covered losses if insurance is needed again from the Hawaii Hurricane Relief Fund.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-106

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.