

JAN 22 2016

A BILL FOR AN ACT

RELATING TO PROPERTY INSURANCE.

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

1 SECTION 1. Act 32, Session Laws of Hawaii 2015, is amended
2 by amending sections 2 and 3 to read as follows:

3 "SECTION 2. Chapter 431, Hawaii Revised Statutes, is
4 amended by adding two new sections to article 10E to be
5 appropriately designated and to read as follows:

6 "§431:10E- Lava zone defined. As used in this article,
7 "lava zone" means a volcanic hazard zone identified by the
8 United States Geological Survey on the island of Hawaii.

9 §431:10E- Provisions for properties in lava zones in the
10 county of Hawaii. (a) Where the mayor of the county of Hawaii
11 has issued a proclamation declaring the existence of a state of
12 emergency due to the threat of imminent disaster from a lava
13 flow in a lava zone, the total number (rounded to the nearest
14 whole number) of property insurance policies that an insurer may
15 non-renew in a lava zone shall be limited for each calendar year
16 to five per cent of the total number of covered policies of the
17 insurer in force in that lava zone[-]; provided that the non-



1 renewed policies shall not include policies for which the
2 premiums have been paid on a timely basis.

3 (b) Notwithstanding subsection (a), an insurer may cancel
4 or non-renew a property insurance policy where:

5 (1) Premium payments for the policy are not made after
6 reasonable demand therefor; or

7 (2) The commissioner determines the financial soundness of
8 the insurer would be impaired."

9 SECTION 3. Chapter 431, Hawaii Revised Statutes, is
10 amended by adding a new section to article 21 to be
11 appropriately designated and to read as follows:

12 "§431:21- Issuance of new policies; removal of
13 moratorium. If residential property insurance is unavailable
14 due to a moratorium on the issuance of policies on property
15 situated in lava zones where the mayor of the county of Hawaii
16 has issued a proclamation declaring a state of emergency exists
17 due to the threat of imminent disaster from a lava flow, the
18 association shall remove its moratorium.

19 Upon the moratorium's removal, the association [~~shall~~]:



1 (1) Shall offer new policies and may provide a waiting
2 period [~~of no longer than six months for the policy~~
3 ~~coverage to take effect~~]; and

4 (2) For residential properties that are denied coverage
5 under section 431:10E- , relating to provisions for
6 properties in lava zones in the county of Hawaii, but
7 are otherwise insurable, shall offer policies with no
8 waiting period,

9 provided that the residential property in the lava zone does not
10 have current insurance."

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

13 SECTION 3. This Act shall take effect on July 1, 2016.

14

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S.B. NO. 2524

Report Title:

Property Insurance; HPIA

Description:

Excludes certain lava zone property insurance policies from those that may be non-renewed during a state of emergency. Prospectively removes the authority of the HPIA to impose a waiting period following its lifting of a moratorium on the issuance of new residential property insurance policies.

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