
HOUSE RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO CONDUCT A FEASIBILITY STUDY RELATING TO INSURANCE POLICIES AND PREMIUMS FOR PROPERTIES THAT ARE CURRENTLY LOCATED WITHIN LAVA ZONES ON THE ISLAND OF HAWAII.

1 WHEREAS, on the island of Hawaii, premiums for homeowners
2 and fire insurance policies are subject to assumed risks
3 assigned to areas described by the United States Geological
4 Survey, a federal agency, as "lava zones"; and

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6 WHEREAS, the United States Geological Survey developed lava
7 zone maps for the island of Hawaii solely for that agency's use
8 and to define different volcanic activities for geological
9 purposes; and

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11 WHEREAS, although the Civil Defense Agency, County of
12 Hawaii, received permission to use the lava zone maps for its
13 use and planning, lava zone maps were never intended to be used
14 by private entities, including those in the insurance industry;
15 and

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17 WHEREAS, there has not been any volcanic eruption activity
18 in the populated areas of Lava Zone 1, which is located in the
19 Puna District of the County of Hawaii, for over four hundred
20 years; and

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22 WHEREAS, homeowner and fire insurance policies in Lava Zone
23 1 are written only by the Hawaii Property Insurance Association
24 or through Lloyd's of London; and

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26 WHEREAS, premiums for the insurance policies in Lava Zone 1
27 are three to four times higher than premiums in other areas and
28 cannot be supported or justified by loss history; and

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30 WHEREAS, the Hawaii Property Insurance Association has set
31 excessively high premiums for Lava Zone 1 risks, which has the



1 apparent consequence of covering losses that are not attributed
2 to Lava Zone 1; and

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4 WHEREAS, there has never been a loss in Lava Zone 1
5 attributed directly to volcanic activity and insurance profits
6 are being generated as a result of questionable practices; and

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8 WHEREAS, the inability to secure reasonable fire insurance
9 severely impacts mortgage financing, which adversely affects the
10 property values for all risks in Lava Zone 1; and

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12 WHEREAS, the creation of homeowners and dwelling insurance
13 policies based on the Lava Zone 1 map discriminates against the
14 community of Leilani Estates because Leilani Estates bears
15 ninety-five per cent or more of all risks in Lava Zone 1; and

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17 WHEREAS, it may be appropriate for insurance policies and
18 premiums to be based on actuarial loss studies and not on
19 unrelated scientific studies and reports; and

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21 WHEREAS, although insurance companies decline to write
22 policies in a very small area that was designated as a "lava
23 zone" solely for scientific purposes, the companies continually
24 write dwelling and fire insurance policies throughout the United
25 States in areas where hurricanes, tornadoes, earthquakes,
26 wildland fires, and other natural disasters occur at the cost of
27 millions of dollars of losses on an annual basis; now,
28 therefore,

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30 BE IT RESOLVED by the House of Representatives of the
31 Twenty-ninth Legislature of the State of Hawaii, Regular Session
32 of 2017, that the Insurance Commissioner is requested to conduct
33 a feasibility study relating to insurance policies and premiums
34 for properties that are currently located within lava zones on
35 the island of Hawaii; and



1 BE IT FURTHER RESOLVED that the Legislature requests that
2 the study evaluate whether insurance companies should be:

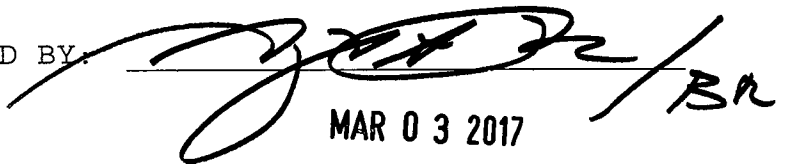
3
4 (1) Required to base homeowner and dwelling fire insurance
5 policies and rates on actuarial studies of losses
6 based on historical data for the areas where the homes
7 and dwellings are located; and

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9 (2) Prohibited from basing homeowner and dwelling fire
10 insurance policies and rates on maps, reports,
11 studies, or evaluations that have been conducted
12 strictly for scientific or civil defense purposes; and

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14 BE IT FURTHER RESOLVED that the Insurance Commissioner is
15 requested to prepare a report that includes the feasibility
16 study's findings and recommendations and submit the report to
17 the Legislature no later than twenty days before the convening
18 of the Regular Session of 2018; and

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20 BE IT FURTHER RESOLVED that certified copies of this
21 Resolution be transmitted to the Insurance Commissioner, the
22 Governor, and the Mayor of the County of Hawaii.

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25 OFFERED BY:

/BR
MAR 03 2017

