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A BILL FOR AN ACT

RELATING TO HURRICANE PREPAREDNESS.

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

1           SECTION 1. The legislature finds that Hawaii is  
2 susceptible to property loss due to hurricanes, tropical storms,  
3 and strong winds. The best long-term solution to reducing  
4 potential damage is the statewide use of wind resistive devices.  
5 The legislature also finds that residents in this State must  
6 inspect, repair, and reinforce their residences every year to  
7 prepare for the possibility of a hurricane making landfall. The  
8 inspection, repair, and reinforcement of their residences  
9 consume needed resources from homeowners' budgets but result in  
10 homeowners having more hurricane-resistant residences. This, in  
11 turn, contributes to reduced hurricane damage repair costs and  
12 may qualify homeowners for much-needed hurricane insurance  
13 premium credits.

14           The legislature desires to establish a program to provide  
15 grants to certain property owners for the installation of wind  
16 resistive devices, approved by the insurance commissioner, that  
17 will lessen the severity of property loss from strong winds.

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1           The legislature finds that the program will serve a public  
2 purpose by protecting the health, safety, and welfare of Hawaii  
3 residents. The installation of wind resistive devices will help  
4 reduce the incidence and severity of personal injury and  
5 property damage in the event of a hurricane, thereby preserving  
6 human life and property values and minimizing disruptions to the  
7 State's economy, business activity, and delivery of public  
8 services. The program will also serve the public purpose of  
9 stimulating economic growth and activity in the State by  
10 creating business and employment opportunities for the sale and  
11 installation of wind resistive devices.

12           The legislature finds that the hurricane reserve trust fund  
13 was part of a "new, creative, and flexible" mechanism to provide  
14 hurricane insurance to Hawaii residents in the aftermath of  
15 Hurricane Iniki. See Act 339, Session Laws of Hawaii 1993.  
16 After its inception, the fund helped stabilize Hawaii's weak  
17 hurricane insurance market, yielded the hurricane insurance  
18 market to the private sector, and entered a state of dormancy  
19 ready to be reactivated when needed.

20           The legislature also finds that the fund has assets that  
21 currently generate approximately \$3,000,000 dollars annually in

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1 interest, which is deposited into the general fund for  
2 unrestricted use.

3 The purpose of this bill is to continue to develop new,  
4 creative, and flexible mechanisms that will increase hurricane  
5 preparedness in Hawaii. This Act allocates a portion of the  
6 moneys earned through interest from the fund's assets to provide  
7 grants under a safe home program. This program will financially  
8 assist qualified homeowners with the installation of approved  
9 wind resistive devices for hurricane preparedness of their  
10 homes.

11 SECTION 2. Chapter 431P, Hawaii Revised Statutes, is  
12 amended by adding a new part to be appropriately designated and  
13 to read as follows:

14 **"PART SAFE HOME PROGRAM**

15 **§ 431P-A Definitions.** As used in this part:

16 "Mitigation" means actions undertaken to reduce losses that  
17 may result from a hazard.

18 "Wind resistive devices" means devices and techniques, as  
19 identified and determined in accordance with section 431P-F(b),  
20 that increase a building's or structure's resistance to damage  
21 from wind forces.

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1           **§ 431P-B Establishment of safe home program.** (a) The  
2 commissioner shall develop and implement a program to be  
3 designated as the safe home program and to encourage the  
4 installation of wind resistive devices. The program may award  
5 matching or nonmatching grants to eligible applicants based upon  
6 the availability of funds.

7           (b) This part does not create an entitlement for property  
8 owners or obligate the State in any way to fund the inspection  
9 or retrofitting of residential property in the State.

10           **§ 431P-C Safe home program trust fund.** (a) There is  
11 established a special fund to be designated as the safe home  
12 program trust fund. Moneys transferred to the safe home program  
13 trust fund may be expended by the commissioner to carry out the  
14 commissioner's duties and obligations under this part.

15           (b) The safe home program trust fund may be used by the  
16 commissioner to make grants authorized under this part.  
17 Matching and nonmatching grants awarded under section 431P -E  
18 from the safe home program trust fund shall not be subject to  
19 chapter 42F, 91, 103D, or 103F.

20           (c) The safe home program trust fund may also be used by  
21 the commissioner to pay for any administrative, personnel,  
22 operational, and marketing costs associated with the program.

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1 (d) Upon termination of the safe home program, any  
2 balances in the safe home program trust fund will be reverted to  
3 the general fund.

4 **§ 431P-D Eligibility for safe home program.** (a) To be  
5 eligible for the program, a residential property must be:

- 6 (1) The applicant's primary legal residence;  
7 (2) Owned and occupied by the applicant;  
8 (3) A single-family, owner-occupied residential property;  
9 and  
10 (4) A residential property covered by a current homeowners  
11 or dwelling insurance policy that:

12 (A) Is issued by an insurer licensed in the State or  
13 a surplus lines insurer, where the policy is  
14 lawfully placed by a broker authorized to do  
15 business in the State; and

16 (B) Provides insurance coverage of the residential  
17 property equal to or greater than the fair market  
18 value of the residential property.

19 **§ 431P-E Matching and nonmatching grants.** (a) The  
20 commissioner may award matching or nonmatching grants based upon  
21 the availability of funds.

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1           (b) To be eligible for a nonmatching grant award, the  
2 applicant must have an annual adjusted gross household income  
3 that does not exceed eighty per cent of the median annual  
4 adjusted gross income for households within the county in which  
5 the person or family resides, as determined by the applicant's  
6 most recent federal income tax return. The nonmatching grant  
7 award shall not exceed \$6,500.

8           (c) An applicant with an annual adjusted gross household  
9 income that exceeds eighty per cent of the median annual  
10 adjusted gross income for households within the county in which  
11 the person or family resides, as determined by the applicant's  
12 most recent federal income tax return, may be eligible for a  
13 matching grant award. The matching grant award shall not exceed  
14 \$5,200 and must be matched on a dollar-for-dollar basis by the  
15 applicant.

16           (d) The commissioner shall issue an annual bulletin that  
17 sets forth the maximum grant award amounts based on the total  
18 annual adjusted gross household income of the applicant and  
19 adjusted for family size relative to the county area median  
20 income or the state median family income, whichever is higher,  
21 as published annually by the United States Department of Housing  
22 and Urban Development.

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1 (e) Any grant issued by the program shall not exceed a  
2 total of \$5,200 for matching grants, and a total of \$6,500 for  
3 nonmatching grants. Any cost of the mitigation project that  
4 exceeds the amount of the grant award shall be the  
5 responsibility of the applicant.

6 **§ 431P-F Standards for the award of grants.** (a) Subject  
7 to the availability of funds and the standards in this part,  
8 grants for wind resistive devices shall be awarded by the  
9 commissioner:

- 10 (1) On a first-come, first-served basis, as determined by  
11 the commissioner; and  
12 (2) For a wind resistive device or devices installed only  
13 in a single-family residential dwelling.

14 (b) Grants shall be awarded for the installation of the  
15 following:

- 16 (1) Roof deck attachment;  
17 (2) Secondary water barrier;  
18 (3) Roof covering;  
19 (4) Brace gable ends;  
20 (5) Reinforced roof-to-wall connections;  
21 (6) Opening protection;  
22 (7) Exterior doors, including garage doors;

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- 1           (8) Tie downs;
- 2           (9) Improvements that mitigate problems associated with
- 3                 weakened trusses, studs, and other structural
- 4                 components; and
- 5           (10) Any other wind resistive devices approved by the
- 6                 commissioner.

7 The commissioner, in the commissioner's sole discretion, may

8 amend, narrow, or expand by rule the definitions, descriptions,

9 specifications, and requirements of the wind resistive devices.

10           (c) In addition, a grant may be made to an applicant only

11 if the applicant has:

- 12           (1) Undergone an acceptable wind certification and
- 13                 hurricane mitigation inspection in accordance with the
- 14                 program requirements;
- 15           (2) Filed a completed application form, as determined
- 16                 solely by the commissioner, together with all
- 17                 supporting documentation required by the commissioner;
- 18           (3) Installed the wind resistive device or devices in
- 19                 accordance with the program requirements;
- 20           (4) Provided any other information deemed necessary by the
- 21                 commissioner; and



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1 (5) Met all additional requirements needed to comply with  
2 the grant program as determined by the commissioner.

3 § 431P-G **Annual report.** The commissioner shall prepare an  
4 annual report to the director, governor, and legislature on the  
5 use of the safe home program trust fund. The report shall  
6 provide statistical information on program participation. The  
7 report shall be submitted to the legislature no later than  
8 twenty days prior to the convening of each regular legislative  
9 session.

10 § 431P-H **Rules.** The commissioner may, in accordance with  
11 chapter 91, adopt reasonable rules as are necessary or proper to  
12 carry out the purposes of this part."

13 SECTION 3. Section 431P-16, Hawaii Revised Statutes, is  
14 amended by amending subsection (i) to read as follows:

15 "(i) Moneys in the hurricane reserve trust fund may be  
16 disbursed upon dissolution of the Hawaii hurricane relief fund;  
17 provided that:

18 (1) The net moneys in the hurricane reserve trust fund  
19 shall revert to the general fund after payments by the  
20 fund on behalf of licensed property and casualty  
21 insurers or the State that are required to be made  
22 pursuant to any federal disaster insurance program

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1 enacted to provide insurance or reinsurance for  
2 hurricane risks are completed; and  
3 (2) If such moneys are paid on behalf of licensed property  
4 and casualty insurers, payment shall be made in  
5 proportion to the premiums from policies of hurricane  
6 property insurance serviced by the insurers in the  
7 twelve months prior to dissolution of the fund;  
8 provided that ~~[all]~~ interest earned from the principal in the  
9 hurricane reserve trust fund shall be transferred and deposited  
10 ~~[into the general fund each year that the hurricane reserve~~  
11 ~~trust fund remains in existence.]~~ in the following manner:  
12 \$1,000,000 into the safe home program trust fund established  
13 pursuant to section 431P-C for fiscal year 2020-2021; and the  
14 remaining interest into the general fund each year that the  
15 hurricane reserve trust fund remains in existence."

16 SECTION 4. Section 431P-16.5, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "**§431P-16.5 Immunity.** There shall be no cause of action,  
19 claim for damages or relief, charge, or any other liability ~~[of~~  
20 ~~any kind whatsoever]~~ created against the State, the Hawaii  
21 hurricane relief fund, the commissioner, or their respective

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1 agents, employees, or board, by[7] or relating to the loss  
2 mitigation grant program[7] and the safe home program."

3 SECTION 5. The commissioner is authorized to establish and  
4 fill one temporary position, not subject to chapter 76, Hawaii  
5 Revised Statutes, to be employed within the insurance division  
6 for implementation and administration of the safe home program.  
7 The hiring of the position shall be appropriated out of the safe  
8 home program trust fund. There is appropriated out of the safe  
9 home program trust fund the sum of \$1,000,000 or so much thereof  
10 as may be necessary for fiscal year 2020-2021 to develop and  
11 implement the grant program established under this Act. The sum  
12 appropriated shall be expended by the insurance commissioner for  
13 the purposes of this Act.

14 SECTION 6. There shall be no cause of action, claim for  
15 damages or relief, charge, or any other liability of any kind  
16 created against the State, the Hawaii hurricane relief fund, the  
17 Hawaii hurricane relief fund's board and its members, or their  
18 respective agents, or employees, by or relating to the transfer  
19 of any moneys from the hurricane reserve trust fund to the  
20 general fund or to the safe home program trust fund.

21 SECTION 7. In codifying the new sections added to chapter  
22 431P, Hawaii Revised Statutes, by section 2 of this Act, the

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1 revisor of statutes shall substitute appropriate section numbers  
2 for the letters used in designating and referring to the new  
3 sections in this Act.

4 SECTION 8. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 9. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

*Atu*

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BY REQUEST

JAN 21 2020

# H.B. NO. 2318

**Report Title:**

Insurance; Safe Home Program; Safe Home Program Trust Fund;  
Grant; Hurricane; Wind Mitigation; Hawaii Hurricane Relief Fund;  
General Fund; Chapter 431P

**Description:**

Establishes the Safe Home Program to provide matching and nonmatching grants for installation of wind resistive devices to single-family, owner-occupied, residential property owners. Creates one temporary position within the Insurance Division of the Department of Commerce and Consumer Affairs to implement and administer the Safe Home Program.

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

## JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO HURRICANE PREPAREDNESS.

PURPOSE: To establish the Safe Home Program to provide matching and nonmatching grants for installation of wind resistive devices to single-family, owner-occupied, residential property owners. To create one temporary position within the Insurance Division of the Department of Commerce and Consumer Affairs to implement and administer the Safe Home Program.

MEANS: Add a new part to chapter 431P, Hawaii Revised Statutes (HRS), and amend sections 431P-16(i) and 431P-16.5, HRS.

JUSTIFICATION: Hawaii residents are susceptible to property loss due to hurricanes, tropical storms, and strong winds.

In 2005, a similar grant program codified in chapter 431, article 22, HRS, was established and implemented on a three-year basis; however, that grant program currently has no funding.

Impact on the public: This bill will provide matching and nonmatching grants to qualifying property owners, which may in turn alleviate property owners' financial burden of making their homes more wind-resistant. In addition, the installation of wind resistive devices will help reduce the incidence and severity of personal injury and property damage suffered by the public in the event of a hurricane.

Impact on the department and other agencies:  
None.

GENERAL FUNDS: None. This bill seeks to allocate a portion of moneys earned through interest from assets of the Hawaii Hurricane Relief Fund to provide grants under the Safe Home Program.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: CCA-106.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.