

JAN 27 2021

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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 residences consume  
9       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 and subject  
2 to appropriations by the legislature.

3 The purposes of this Act are to:

4 (1) Develop a new, creative, and flexible mechanism that  
5 will increase hurricane preparedness in Hawaii;

6 (2) Allocate a portion of the moneys earned through  
7 interest from the fund's assets to provide grants  
8 under a safe home program; and

9 (3) Financially assist qualified homeowners with the  
10 installation of approved wind resistive devices for  
11 hurricane preparedness of their homes.

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

15 **"PART . SAFE HOME PROGRAM**

16 **§431P-A Definitions.** As used in this part:

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

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

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**§431P-B Establishment of safe home program.** (a) The

commissioner shall develop and implement a program to be designated as the safe home program to encourage the installation of wind resistive devices. The program may award matching or nonmatching grants to eligible applicants based upon the availability of funds.

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

**§431P-C Safe home program trust fund.** (a) There is

established a fund to be designated as the safe home program trust fund. Moneys transferred to the safe home program trust fund may be expended by the commissioner to carry out the commissioner's duties and obligations under this part.

(b) The safe home program trust fund may be used by the commissioner to make grants authorized under this part.

Matching and nonmatching grants awarded under section 431P-E from the safe home program trust fund shall not be subject to chapter 42F, 91, 103D, or 103F.

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

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(d) Upon termination of the safe home program, any balances in the safe home program trust fund shall revert to the general fund.

**§431P-D Eligibility for safe home program.** To be eligible for the program, a residential property shall be:

(1) The applicant's primary legal residence;

(2) Owned and occupied by the applicant;

(3) A single-family, owner-occupied residential property;  
and

(4) A residential property covered by a current homeowners or dwelling insurance policy that:

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

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

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

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1           (b) To be eligible for a nonmatching grant award, the  
2 applicant shall 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 applicant resides, as determined by the applicant's most  
6 recent federal income tax return. The nonmatching grant award  
7 shall not exceed \$6,500.

8           (c) An applicant having 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 applicant resides, as determined by the applicant's most  
12 recent federal income tax return, may be eligible for a matching  
13 grant award. The matching grant award shall not exceed \$5,200  
14 and shall 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 the applicant's family size relative to the county  
20 area median income or the state median family income, whichever  
21 is higher, as published annually by the United States Department  
22 of Housing and Urban Development.

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1           (e) No grant issued by the safe home program shall exceed  
2 a total of \$5,200 for matching grants or 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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(8) Tie downs;

(9) Improvements that mitigate problems associated with weakened trusses, studs, and other structural components; and

(10) Any other wind resistive devices approved by the commissioner.

The commissioner, in the commissioner's sole discretion, may amend, narrow, or expand by rule the definitions, descriptions, specifications, and requirements of the wind resistive devices.

(c) In addition, a grant may be made to an applicant only if the applicant has:

(1) Undergone an acceptable wind certification and hurricane mitigation inspection in accordance with the program requirements;

(2) Filed a completed application form, as determined solely by the commissioner, together with all supporting documentation required by the commissioner;

(3) Installed the wind resistive device or devices in accordance with the program requirements;

(4) Provided any other information deemed necessary by the commissioner; and

(5) Met all additional requirements needed to comply with



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1           the safe home program as determined by the  
2           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 safe home program  
7   participation. The report shall be submitted to the director,  
8   governor, and legislature no later than twenty days prior to the  
9   convening of each regular legislative session.

10          **§431P-H Rules.** The commissioner, in accordance with  
11   chapter 91, may adopt rules as are necessary or proper to carry  
12   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 the 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 trust  
11 fund remains in existence~~[-]~~; provided that, for fiscal year  
12 2021-2022, the first \$2,000,000 in interest shall be deposited  
13 into the safe home program trust fund established pursuant to  
14 section 431P-C."

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

17 "**§431P-16.5 Immunity.** There shall be no cause of action,  
18 claim for damages or relief, charge, or any other liability ~~[of~~  
19 ~~any kind whatsoever]~~ created against the State, the Hawaii  
20 hurricane relief fund, the commissioner, or their respective  
21 agents, employees, or board, by~~[-]~~ or relating to the loss  
22 mitigation grant program~~[-]~~ or the safe home program."

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1       SECTION 5. There is appropriated out of the hurricane  
2 reserve trust fund the sum of \$                   or so much thereof as  
3 may be necessary for fiscal year 2021-2022 for the purposes of  
4 funding the safe home program trust fund established under  
5 section 2 of this Act.

6       The sum appropriated shall be expended by the department of  
7 commerce and consumer affairs for the purposes of this Act.

8       SECTION 6. There is appropriated out of the safe home  
9 program trust fund the sum of \$                   or so much thereof as  
10 may be necessary for fiscal year 2021-2022 for purposes of the:

11       (1) Establishment and implementation of the safe home  
12 program established under this Act; and

13       (2) Establishment of one temporary full-time equivalent  
14 (1.0 FTE) position, not subject to chapter 76, Hawaii  
15 Revised Statutes, within the insurance division of the  
16 department of commerce and consumer affairs to  
17 implement and administer the safe home program.

18       The sum appropriated shall be expended by the department of  
19 commerce and consumer affairs for the purposes of this Act.

20       SECTION 7. In codifying the new sections added to chapter  
21 431P, Hawaii Revised Statutes, by section 2 of this Act, the  
22 revisor of statutes shall substitute appropriate section numbers

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1 for the letters used in designating and referring to the new  
2 sections in this Act.

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

5 SECTION 9. This Act, upon its approval, shall take effect  
6 on July 1, 2021.

7

8

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "M. A. H.", is written over a horizontal line.

9

BY REQUEST

# S.B. NO. 1101

**Report Title:**

Insurance; Safe Home Program; Safe Home Program Trust Fund; Grant; Hurricane; Wind Mitigation; Hawaii Hurricane Relief Fund; General Fund; Appropriation; 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 upon certain circumstances. 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.*

# SB. NO. 1101

## 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 upon certain circumstances. 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.

This measure will help Hawaii's residents be more resilient in the event of a hurricane, reduce the need for emergency sheltering, and provide for more rapid recovery from a weather-related event.

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

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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.

OTHER FUNDS: Hawaii Hurricane Relief Fund. This bill will allocate \$2,000,000 earned through interest from assets of the Hawaii Hurricane Relief Fund to provide grants under the Safe Home Program.

PPBS PROGRAM  
DESIGNATION: CCA-106.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: July 1, 2021.