
A BILL FOR AN ACT

RELATING TO CONDOMINIUM INSURANCE.

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

1 SECTION 1. The legislature finds that condominiums play a
2 vital role in Hawaii's economy and housing. According to the
3 department of commerce and consumers affairs, Hawaii had 1,826
4 condominium associations representing 173,036 units in 2021.
5 Hundreds of condominium buildings are aged and in need of
6 repair. Due to deferred maintenance, aged condominium buildings
7 are rejected by standard insurers and choose insurers on the
8 secondary market with more expensive premiums.

9 The legislature also finds that recent rate increases for
10 hurricane insurance policies have caused the condominium
11 associations to opt for less than full coverage. Because
12 federally insured lending programs such as Fannie Mae and
13 Freddie Mac require insurance with one hundred per cent of the
14 insurable value coverage, people of Hawaii are unable to buy,
15 sell, or obtain a mortgage for condominium units. Through
16 incentivizing insurers to provide full coverage to condominiums,
17 Hawaii residents would have better access to financing when



1 buying a home in the State and gain homeownership in their
2 communities.

3 The purpose of this Act is to establish tax credits for
4 insurers providing full property coverage to owners and
5 associations of condominiums in the amount equal to twenty per
6 cent of the insurance premium, and to incentivize local insurers
7 by providing additional ten per cent tax credits.

8 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 **"§431- Tax credit for condominium insurance policies.**

12 (a) Insurers providing full property coverage amounting to one
13 hundred per cent of the insurable value, to specifically include
14 coverage for windstorm, hurricane, hail, flood, fire and
15 localized perils, to owners and associations of condominiums as
16 defined under section 514B-3 within the State, may claim as a
17 nonrefundable credit against the tax imposed under section
18 431:7-202, in an amount equal to 20 per cent of the insurance
19 premium tax otherwise due on the premium for the taxable year;
20 and 30 per cent of the insurance premium tax otherwise due on
21 the premium written by insurers incorporated in the State. The



1 aggregate amount of all tax credits in any tax year that may be
2 claimed by insurers pursuant to this section shall not exceed
3 fifty thousand dollars.

4 (b) The credit allowed by this section is available only
5 to an insurer licensed or authorized to do business in the State
6 with respect to a property and casualty insurance policy
7 providing full coverage as defined in subsection (a).

8 (c) A licensed insurer who claims the credit allowed by
9 this section shall provide information required by the insurance
10 division of the department of commerce and consumer affairs to
11 demonstrate that the taxpayer is eligible for the credit and
12 that the amount paid for premiums for which the credit is
13 claimed was not excluded from the licensed insurer's gross
14 income for the taxable year. The division shall establish a
15 process for which licensed insurers may make an application for
16 a tax credit certificate to claim any tax credit provided for by
17 this section. The tax credit certificate issued by the division
18 shall reserve the appropriate allocation of tax credits for the
19 insurer to which a certificate is issued. An insurer seeking
20 such certificate for reservation of tax credits for the writing
21 of a policy pursuant to subsection (a) shall make application to



1 the division in the manner prescribed by the division. The
 2 division shall review the applications received and subsequently
 3 issue a tax credit certificate to the insurer reserving the
 4 appropriate allocation of tax credits for the insurer. The
 5 division shall reserve the tax credits provided for by this
 6 section in the order in which the division receives the
 7 application for tax credit certificates, and for the benefit of
 8 the appropriate insurer, provided the application is approved by
 9 the division.

10 (d) The tax credit allowed under this section for a
 11 taxable year may be claimed only once for any one structure,
 12 regardless of the number of policies written on the structure.

13 (e) The division shall take the action necessary to
 14 monitor and examine the use of the credit claims under this
 15 section."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act, upon its approval, shall apply to
 18 taxable years beginning after December 31, 2024.

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HB HMIA 2024-1-28



JAN 18 2024

H.B. NO. 1728

Report Title:

Minority Caucus Package; Condominium; Insurance; Tax Credit

Description:

Establishes tax credits for insurers providing full property coverage to owners and associations of condominiums in the amount equal to twenty per cent of the insurance premium. Provides additional ten per cent tax credits to insurers incorporated in the State.

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

