
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new part to article 10E be appropriately
3 designated and to read as follows:

4 **"PART . PERSONAL PROPERTY INSURANCE AND DISASTER LOSS**

5 **§431:10E-A Purpose; scope; effective date.** (a) The
6 purpose of this part is to regulate personal property insurance
7 coverage during times of disaster and provide certain consumer
8 protections for policyholders in the event of a total loss of an
9 owner-occupied residence, including the contents of the owner-
10 occupied residence, when the loss occurs as a result of a
11 disaster.

12 (b) The requirements under this part shall apply during
13 any state of emergency declared by the governor pursuant to
14 chapter 127A in the event of a disaster that occurs on or after
15 the effective date of this Act and shall apply to all homeowners
16 insurance policies offered, delivered, issued, or renewed on or



1 after the effective date of this Act to the maximum extent
2 provided by law.

3 **§431:10E-B Definitions.** As used in this part:

4 "Disaster" has the same meaning as in section 127A-2.

5 "State of emergency" has the same meaning as in section
6 127A-2.

7 **§431:10E-C Personal property insurance; limits;**

8 **requirements.** (a) In offering, delivering, issuing, or
9 renewing a homeowners insurance policy, an insurer shall comply
10 with the minimum requirements under this part concerning
11 personal property coverage offered under a homeowners insurance
12 policy in effect during any state of emergency declared by the
13 governor in the event of a disaster.

14 (b) For purposes of this part, a policyholder may receive
15 up to the full policy limit of personal property insurance
16 coverage by submitting a written inventory pursuant to section
17 431:10E-D.

18 **§431:10E-D Home inventory process.** (a) An insurer
19 offering a homeowners insurance policy with personal property
20 insurance coverage shall establish a process to assist a



1 policyholder complete a home inventory. At a minimum, the home
2 inventory process shall include:

3 (1) A spreadsheet template or an electronic form for
4 itemization of losses, which can be readily completed
5 by the policyholder; provided that:

6 (A) The insurer shall accept any reasonable form of
7 documenting a loss provided by the policyholder
8 that includes information about the items lost;
9 and

10 (B) The information required to be provided by the
11 policyholder under this paragraph shall be
12 limited to:

- 13 (i) A description of the item;
14 (ii) The year or estimated date of acquisition;
15 (iii) The brand and model, if available; and
16 (iv) The item's general condition on the date of
17 loss;

18 (2) A checklist that can be used as a reference on a room-
19 by-room basis of items commonly found in a room or
20 household; provided that the insurer shall disclose
21 that a policyholder may supplement the home inventory



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1 submitted to the insurer with additional items that
2 were in the owner-occupied residence at the time of
3 loss; and

4 (3) A method for policyholders to add items to a home
5 inventory. For purposes of this paragraph, the
6 insurer shall:

7 (A) Retain all submitted information;

8 (B) Upon making any changes to the submitted home
9 inventory, provide a copy to the policyholder
10 with identification and rationale supporting the
11 specific changes made; and

12 (C) Provide, in plain language, instructions for the
13 policyholder as to how to compare the changes
14 with the original submitted line item home
15 inventory, in case of a line item dispute by the
16 policyholder.

17 (b) The insurer shall:

18 (1) Assist the policyholder in preparing, compiling, and
19 processing the home inventory without unreasonable
20 substantiation requirements, barriers, or delays;



- 1 (2) Consider inventories or other documentation provided
2 by policyholders, including but not limited to videos,
3 pictures, or records of items prepared or taken prior
4 to the loss;
- 5 (3) Permit consolidation of like items and shall not
6 require each item to be identified separately;
7 provided that for items that have unique attributes or
8 properties that would affect their valuation may be
9 individually listed;
- 10 (4) Consider alternative sources for calculating
11 valuation; provided that for one-of-a-kind items, the
12 insurer may request additional documentation or
13 substantiation not otherwise required for valuation of
14 general household items;
- 15 (5) Develop a reasonable methodology to estimate the value
16 of consumables, such as perishable and non-perishable
17 food, cleaning supplies, and toiletries, lost without
18 requiring itemization. Consumables shall be paid at
19 the cost to replace a similar item;
- 20 (6) Utilize a reasonableness standard to permit
21 replacement with a substantially similar or comparable



1 item, if the item cannot be usefully replaced by an
2 identical item; and

3 (7) Accept a policyholder's home inventory and good faith
4 estimates, unless there is reasonable suspicion, which
5 shall be articulated to the policyholder, to question
6 the validity of the inventory and valuation estimates;
7 provided that:

8 (A) If there is reasonable suspicion on the part of
9 the insurer, the policyholder shall be given an
10 opportunity to provide additional information
11 upon request by the insurer;

12 (B) The insurer shall consider additional information
13 provided by the policyholder to support the
14 valuation of an item or items; and

15 (C) If an insurer requires additional information
16 about an item included in the home inventory, the
17 insurer shall request that additional information
18 about within ten days of its submission.

19 (c) The insurer shall offer, at no cost to the
20 policyholder, at least one of the following:



- 1 (1) An interview process in which the insurer develops an
2 inventory by asking the policyholder questions on a
3 room-by-room basis and provides the completed
4 inventory for the policyholder to modify and approve;
- 5 (2) A list of available vendors to assist the policyholder
6 in compiling and organizing a written inventory with
7 acceptable documentation and substantiation; or
- 8 (3) A mechanism to assist policyholders in establishing an
9 expected value for the inventory.

10 **§431:10E-E Methodology and appeals.** (a) The insurer
11 shall disclose its methodology for determining the depreciated
12 value of items on the home inventory developed pursuant to
13 section 431:10E-D. This disclosure shall be in sufficient
14 detail to enable a reasonable person to determine whether
15 preparation of an inventory would permit recovery of additional
16 sums.

17 (b) The depreciation method shall not rely solely on a
18 blanket calculation across the entire inventory and shall take
19 into account the age and condition of each item on the inventory
20 to determine its depreciated value.



1 (c) Each depreciated item shall be clearly marked on the
2 home inventory list, along with the amount of depreciation.

3 (d) The insurer shall provide policyholders with a
4 meaningful opportunity to challenge the depreciation amount for
5 any item or items. Presentation by the policyholder of
6 information that would affect the depreciation of an item shall
7 be considered in good faith by the insurer.

8 (e) The insurer shall bear the burden of proving the
9 applied depreciation in any dispute between an insurer and
10 policyholder regarding the amount of applied depreciation.

11 (f) The insurer shall have a documented process for
12 policyholders to appeal or challenge the insurer's valuation or
13 determination of applied depreciation. The documented process
14 shall include a description of the process and what information
15 the insurer used in its valuation or determination, and shall
16 adhere to the following timeline:

17 (1) Upon a receipt of a policyholder's challenge to a
18 valuation or applied depreciation, the insurer shall
19 have the challenge reviewed by a claims supervisor who
20 has not been otherwise involved in the particular
21 claim;



1 (2) The insurer shall issue a written decision in regard
2 to all matters challenged by the policyholder within
3 thirty days of the date the challenge is submitted;
4 provided that if the insurer fails to issue a decision
5 within thirty days of submission, then the
6 policyholder's challenge shall be considered to be
7 determined in the policyholder's favor; and

8 (3) For any dispute in which all or part of the challenge
9 is determined in the policyholder's favor, payment of
10 the resolved item or items shall be issued within
11 thirty days of the determination.

12 (g) Interest on unpaid covered and undisputed items shall
13 begin to accrue on the sixty-first day after receipt of the
14 inventory.

15 **§431:10E-F Payments without inventory.** (a) If a
16 homeowners insurance policyholder experiences a total loss of
17 the contents of their owner-occupied residence as the result of
18 a disaster, the insurer shall:

19 (1) Offer the policyholder a minimum of seventy-five per
20 cent of the personal property insurance coverage limit
21 stated in the homeowner's insurance policy's



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1 declaration page, without requiring a written
2 inventory of the contents;

3 (2) Notify the policyholder that accepting the offered
4 payment amount does not alter the benefits available
5 under the policy, and additional money may be
6 available if the policyholder submits a home inventory
7 pursuant to the requirements under section 431:10E-D;

8 (3) Provide payment for covered costs related to debris
9 removal within sixty days of receiving an invoice,
10 receipt, or other documentation of the debris removal;
11 provided that if the debris removal is conducted by or
12 in coordination with a government entity, then the
13 insurer shall provide payment within a reasonable time
14 frame; and

15 (4) Provide payment for any covered loss of trees, shrubs,
16 and landscaping within thirty days of receiving
17 documentation showing the number and nature of the
18 damaged or destroyed features.

19 (b) If the policyholder submits a home inventory of
20 personal property losses that exceeds the amount paid under
21 subsection (a), the insurer shall:



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1 (1) Request any additional information regarding disputed
2 items in the home inventory within thirty days of its
3 receipt; and

4 (2) Provide payment for any covered and undisputed items
5 within thirty days of receiving the home inventory.

6 **§431:10E-G Timeline extension during state of emergency.**

7 (a) In the aftermath of a state of emergency declared by the
8 governor pursuant to chapter 127A, if a homeowners insurance
9 policy requires policyholders to repair, rebuild, or replace
10 damaged property to receive full replacement cost coverage, the
11 insurer shall:

12 (1) Allow the policyholder thirty-six months, beginning on
13 the date the insurer provides the initial payment for
14 actual cash value of the damage or loss, to submit
15 receipts and invoices for replacement costs; and

16 (2) Provide the option for policyholders to extend the
17 time period for two additional six months if the
18 policyholder experiences unavoidable delays in
19 obtaining construction permits, lacks necessary
20 construction materials, faces a shortage of available



1 contractors, or encounters other circumstances beyond
2 their control.

3 (b) Nothing in this section shall be construed to prohibit
4 an insurer from allowing additional time for collecting full
5 replacement costs or additional living expenses.

6 **§431:10E-H Advanced payments.** In the event of a covered
7 loss resulting from a state of emergency where a homeowners
8 insurance policyholder experiences a total loss of the contents
9 of their owner-occupied residence, the insurer shall, upon
10 request, provide advanced payment of no less than six months of
11 living expenses. Additional payment for additional living
12 expenses shall be payable upon proper proof following the
13 advance period.

14 **§431:10E-I Claims practices.** (a) After receiving a claim
15 under an issued policy, an insurer shall provide to the
16 policyholder:

17 (1) Appropriate contact information that allows for direct
18 contact with either an employee of the insurer or a
19 representative who can escalate complaints or
20 inquiries to an insurer's employee; and



1 (2) At least one means of communication with the assigned
2 agent during regular business hours.

3 (b) If a policyholder is assigned a third or subsequent
4 adjuster within a six-month period, a written status report
5 shall be provided. The report shall include:

6 (1) A summary of decisions or actions related to the
7 claim;

8 (2) The amount of losses to structures or contents both
9 paid and outstanding;

10 (3) Any reports generated after consultation with design
11 or construction professionals;

12 (4) The coverage amount for losses to structures or
13 contents; and

14 (5) Any disputed items."

15 SECTION 2. In codifying the new sections added by section
16 1 of this Act, the revisor of statutes shall substitute
17 appropriate section numbers for the letters used in designating
18 the new sections in this Act.

19 SECTION 3. This Act shall take effect on July 1, 2024.



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INTRODUCED BY:

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JAN 19 2024



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Report Title:

Homeowners Insurance; Personal Property Insurance; Home Inventory; Claims; Total Loss; State of Emergency; Disasters

Description:

Establishes personal property insurance coverage, home inventory, and claims and appeals requirements for insurers issuing homeowners policies in cases where a policyholder experiences total loss of an owner-occupied resident, including its contents, as a result of an event that has been declared a disaster by the governor.

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

