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## HOUSE RESOLUTION

REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO  
CONVENE A WORKING GROUP TO STUDY AND DEVISE COMPREHENSIVE  
STRATEGIES TO RESTORE ACCESSIBLE INSURANCE OPTIONS TO  
RESIDENTS AND COMMERCIAL BUSINESSES IN LAVA ZONES 1 AND 2.

1           WHEREAS, volcanic eruptions can present a threat to  
2 residences and commercial property within certain high-risk  
3 areas, such as those on Hawai'i island designated as Lava Zones 1  
4 and 2 by the United States Geological Survey; and  
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6           WHEREAS, despite the recent volcanic eruption in Lava Zones  
7 1 and 2 on Hawai'i island, and the associated risks, development  
8 in these areas has continued, in large part due to the high  
9 demand for affordable housing; volcanic tourism and its  
10 importance to the local economy; and cultural or religious ties  
11 to Kilauea, Mauna Loa, and the surrounding areas; and  
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13           WHEREAS, while a stable and affordable insurance market can  
14 provide financial security for those residing in or operating a  
15 commercial business in high-risk lava zone areas, private  
16 insurance carriers have, for the most part, largely remained  
17 reluctant to provide this much needed product; and  
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19           WHEREAS, this problem has been exacerbated by the Universal  
20 Property and Casualty Insurance Company's (UPCIC) decision to  
21 withdraw from the homeowners, condominium, and renters insurance  
22 market in the State by August 31, 2024, impacting approximately  
23 one thousand policyholders on Hawai'i island -- many of whom are  
24 located in a high-risk lava zone area; and  
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26           WHEREAS, for those Hawai'i island homeowners living in Lava  
27 Zones 1 and 2, their sole remaining insurance provider, the  
28 Hawaii Property Insurance Association (HPIA) -- a state-run  
29 insurer of last resort that does not offer policy options for  
30 commercial businesses -- has offered replacement insurance at  
31 premium rates nearly three to four times higher than that of  
32 UPCIC, citing the rising costs of building materials, supply



1 chain issues, a loss of reserves following the 2018 Kilauea lava  
2 flow, and the increased costs of reinsurance; and

3  
4 WHEREAS, the drastically higher premium rates for residents  
5 in Lava Zones 1 and 2 are causing significant financial  
6 insecurity and hardships, especially for individuals looking to  
7 finance the purchase of property or vulnerable individuals and  
8 low-income families; and

9  
10 WHEREAS, it is necessary for the State to take steps to  
11 resolve this pressing issue and ensure that residents and  
12 businesses in Lava Zones 1 and 2 have access to an affordable  
13 and equitable insurance market; now, therefore,

14  
15 BE IT RESOLVED by the House of Representatives of the  
16 Thirty-second Legislature of the State of Hawaii, Regular  
17 Session of 2024, that the Director of Commerce and Consumer  
18 Affairs is requested to convene a working group to study and  
19 devise comprehensive strategies to restore accessible insurance  
20 options to residents and commercial businesses in Lava Zones 1  
21 and 2; and

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23 BE IT FURTHER RESOLVED that the working group is requested  
24 to explore various means of assisting affected residents and  
25 businesses, including:

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- 27 (1) Evaluating the equitable application of policy  
28 premiums;
  - 29
  - 30 (2) Decreasing HPIA policy premiums and expanding coverage  
31 to include commercial businesses;
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  - 33 (3) Implementing subsidies or financial assistance  
34 programs to mitigate the financial burden for  
35 vulnerable residents in Lava Zones 1 and 2;
  - 36
  - 37 (4) Exploring the creation of a risk pooling mechanism;  
38 and
  - 39
  - 40 (5) Exploring any other feasible solutions, pursuant to  
41 the discretion of the working group; and  
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1 BE IT FURTHER RESOLVED that the working group is requested  
2 to comprise the following members:

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- 4 (1) The Director of Commerce and Consumer Affairs, or the  
5 Director's designee, who is requested to serve as  
6 Chairperson of the working group;
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- 8 (2) The Insurance Commissioner, or the Commissioner's  
9 designee;
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- 11 (3) One member of the Senate, to be appointed by the  
12 President of the Senate;
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- 14 (4) One member of the House of Representatives, to be  
15 appointed by the Speaker of the House of  
16 Representatives;
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- 18 (5) The Mayor of the County of Hawai'i, or the Mayor's  
19 designee;
- 20
- 21 (6) The Chairperson of the Hawai'i County Council, or the  
22 Chairperson's designee;
- 23
- 24 (7) The Chairperson of the Board of Directors of the  
25 Hawaii Property Insurance Association;
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- 27 (8) One small business owner in Hawai'i County whose  
28 principal place of business is located within Lava  
29 Zones 1 or 2, to be selected by the Chairperson of the  
30 working group;
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- 32 (9) One homeowner in Hawai'i County whose residence is  
33 located within Lava Zones 1 or 2, to be selected by  
34 the Chairperson of the working group; and
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- 36 (10) Any other member deemed necessary by the working  
37 group; and
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39 BE IT FURTHER RESOLVED that an initial meeting of the  
40 working group be convened no later than July 1, 2024; and  
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1 BE IT FURTHER RESOLVED that the working group is requested,  
2 with the assistance of the Department of Commerce and Consumer  
3 Affairs, to submit a report of its findings and recommendations,  
4 including any proposed legislation, to the Legislature no later  
5 than twenty days prior to the convening of the Regular Session  
6 of 2025; and  
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8 BE IT FURTHER RESOLVED that the working group is requested  
9 to be dissolved on June 30, 2025; and  
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11 BE IT FURTHER RESOLVED that certified copies of this  
12 Resolution be transmitted to the President of the Senate,  
13 Speaker of the House of Representatives, Director of Commerce  
14 and Consumer Affairs, Insurance Commissioner, Mayor of the  
15 County of Hawai'i, Chairperson of the Hawai'i County Council, and  
16 Chairperson of the Board of Directors of the Hawaii Property  
17 Insurance Association.  
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OFFERED BY: \_\_\_\_\_



MAR 08 2024

