

JAN 20 2023

A BILL FOR AN ACT

RELATING TO CORAL REEF INSURANCE.

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

1 SECTION 1. The legislature finds that the State's coastal
2 areas face mounting climate change-related risks, including
3 exposure to increasingly severe tropical storms, high wave
4 events, sea level rises and flooding. Fortunately, the islands
5 of the State contain environmental resources such as coral
6 reefs, wetlands, forests, and other natural infrastructure that,
7 if healthy, effectively managed, and properly maintained, can
8 substantially mitigate the risks of climate change and damage to
9 property and loss of life by natural disasters. A 2019 study
10 prepared by the United States Geological Survey in cooperation
11 with The Nature Conservancy and the University of California at
12 Santa Cruz finds that healthy coral reefs absorb up to ninety-
13 seven per cent of wave energy, protecting coastal properties and
14 infrastructure from the destructive power of the sea. The same
15 study estimates that Hawaii's coral reefs save the State
16 \$836,000,000 in annual costs by protecting coastal
17 infrastructure and property from sea-originating floods.



1 However, with the increasing severity of tropical storms and
2 other climate change related events, Hawaii's coral reefs are
3 increasingly vulnerable to damage and death, which, if left
4 unchecked, would leave the State highly susceptible to the
5 destructive and costly effects of climate change-related events.

6 The legislature further finds that in November 2022 the
7 Nature Conservancy purchased an insurance policy to cover wind-
8 generated storm damage to the coral reefs surrounding Oahu,
9 Molokai, Lanai, Maui, Kauai, and Hawaii islands through the
10 December 2023 hurricane season. The policy is triggered at
11 windspeeds of fifty knots, or fifty-six miles per hour, and can
12 provide payouts up to a maximum of \$2,000,000 to allow for rapid
13 reef repair and restoration after damage is inflicted upon the
14 reefs. This policy is the first coral reef insurance policy of
15 its kind in the United States and follows the success of the
16 coral reef insurance program that covered the Mesoamerican Reef
17 in Quintana Roo, Mexico, which was also purchased by The Nature
18 Conservancy in 2019. Hurricane Delta made landfall in Quintana
19 Roo in October 2020 and \$850,000 in proceeds from this policy
20 were paid out to quickly restore and repair reef damage
21 inflicted upon the Mesoamerican Reef. Since then, policies have



1 been purchased to cover the entirety of the Mesoamerican Reef
2 and also have been purchased elsewhere in Mexico, Belize,
3 Guatemala and Honduras.

4 The legislature further finds that The Nature Conservancy
5 and Bank of America produced a reef insurance feasibility
6 assessment in 2020 that finds reef insurance to be ecologically
7 and economically feasible for the State in its ability to
8 provide the financial assistance required to adequately restore
9 reef damage after a severe tropical storm, hurricane, or natural
10 disaster.

11 The purpose of this Act is to build upon the work of The
12 Nature Conservancy by funding a continuation of their coral reef
13 insurance policy by three years through the department of land
14 and natural resources.

15 SECTION 2. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$300,000 or so much
17 thereof as may be necessary for the fiscal year 2023-2024 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2024-2025 for the department of land and natural resources
20 to fund a three-year continuation of The Nature Conservancy's
21 coral reef insurance policy that covers the coral reefs



1 surrounding Oahu, Molokai, Lanai, Maui, Kauai, and Hawaii
2 islands.

3 The sums appropriated shall be expended by the department
4 of land and natural resources for the purposes of this Act.

5 SECTION 3. This Act shall take effect on July 1, 2023.

6

INTRODUCED BY: 



S.B. NO. 1083

Report Title:

Coral Reefs; Reef Insurance; The Nature Conservancy; Insurance Policy; Natural Infrastructure; Wind-Generated Storm Damage; Climate Change; Mitigation; Continuation; Appropriation

Description:

Appropriates funds for a three-year continuation of the wind-generated storm damage reef-insurance policy purchased by The Nature Conservancy in November 2022.

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

