

STAND. COM. REP. NO.

3309

Honolulu, Hawaii

**MAR 22 2024**

RE: H.B. No. 2056  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2056, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the State Reinsurance Exploratory Working Group (Working Group) to explore the feasibility of establishing a state-run reinsurance program to ensure affordable coverage for property owners against catastrophic events;
- (2) Require the Working Group to submit a report to the Legislature; and
- (3) Make an appropriation.

Your Committee received testimony in support of this measure from the Insurance Division of the Department of Commerce and Consumer Affairs, Hawai'i Association of REALTORS, Hawaii First Realty LLC, Palehua Townhouse Association, Malama O Puna, and three individuals.



Your Committee finds that the rising global temperatures associated with climate change have increased both the frequency and severity of natural disasters. This has, in turn, led to the destabilization of certain insurance and reinsurance markets as these companies, responding to the accumulation of losses incurred from these events, have significantly increased their prices, limited their coverage, or even exited out of high-risk markets entirely. Your Committee further finds that the establishment of a state-run reinsurance program to offset the liabilities of private reinsurance companies could potentially help stabilize local insurance markets and ensure that insurance coverage in Hawaii remains available and affordable for property owners. Therefore, this measure establishes the Working Group to study the feasibility of this state-run reinsurance concept.

Your Committee notes that the intent of this measure is to have the Working Group gather the necessary information to assist the Legislature in making the best decision possible as the State moves forward. This measure will address the essential aspects of the rising costs of property insurance in the State and allow the Legislature to create a potentially innovative way of handling insurance in the State. The information gathered by the Working Group pursuant to this measure will allow the Legislature to come up with some creative ideas that hopefully address this matter while taking care of the consumers in the State.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language that clarifies that the purpose of the Working Group is to gather information to assist the Legislature in generating innovative solutions that address the increasing insurance costs for consumers in the State;
- (2) Inserting language that expands the duties of the Working Group to include the following:
  - (A) Evaluation of existing insurance programs, including the regulatory and legal frameworks that govern these programs;
  - (B) Assessment of any regulatory gaps and shortcomings of the current insurance system;



- (C) Review of the State's current ability to conduct risk assessments and the development of specialized risk assessment tools for different types of risks and industry operations in the State;
  - (D) Identification of areas where stakeholder engagement and investment can promote collaboration to address industry specific issues;
  - (E) Identification of best practices and the development of comprehensive policies to produce recommendations that will promote overall market growth; and
  - (F) Establishment of mechanisms for ongoing monitoring, assessment of the financial tools necessary for data collection, and the formation of policies that remain responsive to market dynamics, functions, and evolving regulatory challenges;
- (3) Adding the following members to the Working Group:
- (A) One member appointed by the President of the Senate; and
  - (B) One member appointed by the Speaker of the House of Representatives;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2056, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2056, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,




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JARRETT KEOHOKALOLE, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2056, HDI	CPN, WAM	3/21/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.				✓
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes