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# A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1           SECTION 1. The legislature finds that in the county of  
2 Hawaii, premiums for homeowners and fire insurance policies are  
3 subject to assumed risks assigned to areas described by the  
4 United States Geological Survey, a federal agency, as "lava  
5 zones". Lava zones are considered high risk areas due to  
6 volcanic activity, and homeowners living in lava zones have to  
7 pay significantly higher insurance premiums to get coverage for  
8 lava damage.

9           The legislature further finds that the Florida-based  
10 insurance provider Universal Property and Casualty Insurance  
11 Co., announced it is leaving the Hawaii's homeowners,  
12 condominium, and renters insurance market because of limited  
13 traction, impacting roughly one thousand five hundred  
14 policyholders, about nine hundred of which are in the county of  
15 Hawaii. For many residents in the lava zones, the only option  
16 left for homeowners insurance is the Hawaii property insurance  
17 association, a state-run, last-resort option that underwrites



1 insurance coverage for those unable to find another provider.

2       The legislature notes that the Hawaii property insurance  
3 association was involved in providing payouts from the 2018  
4 lower Puna lava flow eruption but suffered a \$5,000,000 net  
5 loss, which increased the cost for reinsurance and raised the  
6 reinsurance rate. Because the Hawaii property insurance  
7 association has a portfolio of only high risk-possibilities, in  
8 addition to the local possibility of lava flow in areas deemed  
9 as lava zones, such as the 2018 lower Puna lava flow eruption;  
10 increased cost of building materials; supply chain issues; and  
11 the increased cost of reinsurance, the Hawaii property insurance  
12 association's insurance policies for homeowners in lava zones  
13 are offered at unreasonably high premiums.

14       The legislature believes that a solution to decrease the  
15 exorbitant cost of insurance policies offered for homeowners in  
16 lava zones is separating volcano-related coverage from general  
17 homeowners' insurance. Accordingly, the purpose of this Act is  
18 to lower the rate of insurance premiums by providing options for  
19 insurance products, including property and casualty insurance  
20 and traditional fire insurance, to protect a homeowner's



1 property for traditional risks while excluding risk insurance  
2 covering the potential of lava.

3 SECTION 2. Section 431:21-109, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

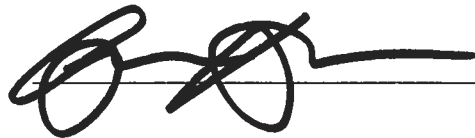
5 "(a) All properties qualifying for coverage under the plan  
6 of operation shall be eligible for the standard fire policy and  
7 extended coverage endorsement. The association shall provide  
8 additional coverages when directed by the commissioner or when  
9 approved by the commissioner. In offering additional coverages,  
10 the association shall provide options or packages that exclude  
11 lava coverage."

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval.

14

INTRODUCED BY:



JAN 19 2024



# H.B. NO. 2054

**Report Title:**

Hawaii Property Insurance Association; Insurance; Lava Coverage

**Description:**

Requires the Hawaii Property Insurance Association to offer additional types of homeowners insurance policy options that exclude lava coverage.

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

