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# A BILL FOR AN ACT

RELATING TO MORTGAGE FORECLOSURES.

**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 insurance policies are subject  
3 to assumed risks assigned to areas described by the United  
4 States Geological Survey as "lava zones". Lava zones are  
5 considered high risk areas due to volcanic activity, and  
6 homeowners living in lava zones have to pay significantly higher  
7 insurance premiums to get coverage for lava damage.

8           The legislature further finds that obtaining homeowners  
9 insurance coverage is becoming increasingly difficult for  
10 residents in the most hazardous lava zones, which are lava zones  
11 1 and 2. In July 2023, the Florida-based insurance provider  
12 Universal Property and Casualty Insurance Co. announced its  
13 intent to withdraw from Hawaii's homeowners, condominium, and  
14 renters insurance market over a thirteen-month period, with the  
15 last policies effective August 31, 2024. This decision impacts  
16 roughly one thousand five hundred policyholders in the State,  
17 about nine hundred of which are in the county of Hawaii. For



1 many residents in lava zones 1 and 2, the only option left for  
2 homeowners insurance is the Hawaii property insurance  
3 association – a state-run, last-resort option that underwrites  
4 insurance coverage for those unable to find another provider.

5 The legislature finds that after Universal Property and  
6 Casualty Insurance Company began exiting the Hawaii homeowners'  
7 insurance market, many homeowners with mortgages in lava zones 1  
8 and 2 found themselves unable to acquire private homeowner's  
9 insurance and unable to afford the high price of the Hawaii  
10 property insurance association. With rate increases in the  
11 range of four hundred to one thousand per cent, many residents  
12 say that they are being priced out of their homes.

13 The purpose of this Act is to halt foreclosures for  
14 mortgages in which the homeowner can demonstrate an attempt to  
15 acquire homeowner's insurance and can demonstrate financial  
16 inability to acquire insurance from the Hawaii property  
17 insurance association. Specifically, this Act establishes a  
18 moratorium on foreclosure actions for property located in lava  
19 zones 1 and 2 to give the State time to establish solutions.

20 SECTION 2. (a) There shall be a two-year moratorium on  
21 foreclosure actions for property located in lava zones 1 and 2



1 in this State, as determined by the lava-flow hazard zone map  
2 created by the United States Geological Survey, to begin on the  
3 effective date of this Act. During the moratorium period  
4 established by this Act:

5 (1) No foreclosure by action or by power of sale shall  
6 proceed;

7 (2) No court shall issue an order for foreclosure pursuant  
8 to section 667-1.5, Hawaii Revised Statutes;

9 (3) The assistant registrar of the land court or deputy  
10 shall not record a certified copy or an affidavit  
11 pursuant to section 501-118, Hawaii Revised Statutes;  
12 and

13 (4) The registrar of the bureau of conveyances shall not  
14 record an affidavit or a conveyance document pursuant  
15 to sections 667-33 and 667-103, Hawaii Revised  
16 Statutes.

17 (b) The moratorium shall sunset after two years unless the  
18 commissioner formally requests its renewal to the governor. No  
19 more than three renewals shall be allowed.

20 SECTION 3. This Act shall take effect upon its approval.

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H.B. NO. 2055

INTRODUCED BY:  \_\_\_\_\_

JAN 19 2024



# H.B. NO. 2055

**Report Title:**

Foreclosure Moratorium; Lava Zones 1 and 2

**Description:**

Establishes a moratorium on foreclosure actions for property located in lava zones 1 and 2.

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

