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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, according to data  
2 collected by Council for Native Hawaiian Advancement, due to the  
3 Maui wildfires, the average homeowner payout for coverage was  
4 \$550,000. The average cost to rebuild a same or similar  
5 dwelling at \$350 to \$450 per square foot will be approximately  
6 \$600,000 to \$850,000. The average deficit will be between  
7 \$50,000 to \$300,000. For some owners the deficit may be much  
8 larger. The legislature notes that one policyholder closed on a  
9 home for \$1,300,000 eight days before the wildfire. This  
10 person's dwelling was insured for approximately \$300,000.  
11 Speaking with policyholders, most relied on their insurance  
12 agent to provide them adequate insurance for their properties.  
13 The overwhelming majority of policyholders were underinsured and  
14 face financial uncertainty about their ability to rebuild.  
15           Accordingly, the purpose of this Act is to establish  
16 requirements for property and casualty insurance policies for  
17 pre and post disaster protections.



1 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new part to article 10E to be appropriately  
3 designated and to read as follows:

4 "PART . PRE AND POST DISASTER PROTECTIONS

5 §431:10E-A Definition. For purposes of this part,  
6 "property and casualty insurer" or "insurer" has the same  
7 meaning as in section 431:3-401.

8 §431:10E-B Notice of cancellation or nonrenewal. For  
9 policies of property and casualty insurance, the property and  
10 casualty insurer shall give written notice of prospective  
11 cancellation or nonrenewal to the insured no fewer than sixty  
12 days prior to the effective date of the cancellation or  
13 nonrenewal. The notice shall state the reason for the  
14 cancellation or nonrenewal. The insurer shall continue all  
15 property and casualty insurance coverage in force for sixty days  
16 following the mailing. Cancellation or nonrenewal shall not be  
17 deemed valid unless evidence of mailing is provided.

18 §431:10E-C Insurance disclosures on purchase of policy;  
19 notifications. (a) The property and casualty insurer shall  
20 notify the policyholder regarding the number of claims filed  
21 that may result in a cancellation of a policy and shall notify



1 the policyholder if a particular claim may result in  
2 cancellation.

3 (b) An insurer shall notify each policyholder of any  
4 important deadlines of the policy sixty days and thirty days  
5 before the deadline.

6 **§431:10E-D Grace period; state of emergency.**

7 Notwithstanding any grace period specified in an insurance  
8 policy, upon the declaration of a state of emergency or local  
9 state of emergency pursuant to section 127A-14, each property  
10 and casualty insurer shall provide a grace period of sixty days  
11 on the payment of policy premiums for policyholders located in  
12 the area of the state of emergency or local state of emergency,  
13 as applicable.

14 **§431:10E-E Adjustment of premium and policy limits post**

15 **disaster.** When an insurer renews a policy after a total loss  
16 due to a disaster, the insurer shall adjust the premium and  
17 policy to reflect the actual state of the insured property.

18 **§431:10E-F Additional living expense coverage; option.**

19 (a) During a state of emergency or local state of emergency  
20 declared pursuant to section 127A-14, each property and casualty  
21 insurer shall provide an option of additional living expense



1 coverage for a period of no less than twenty-four months and up  
2 to two six-month extensions allowing homes to be restored to  
3 safe, sanitary, and habitable conditions.

4 (b) Property and casualty policies shall provide two weeks  
5 coverage for emergency housing in the event of an evacuation,  
6 plus any extensions as needed.

7 (c) Each property and casualty insurer shall provide a  
8 list of items covered under additional living expense coverage.

9 **§431:10E-G Total loss of content; content coverage.** In  
10 the event of a total loss of content due to a natural disaster,  
11 property and casualty insurers shall not require an itemized  
12 list of items lost and shall cover one hundred per cent of the  
13 limit of content coverage.

14 **§431:10E-H Close of claim; extension.** If a policyholder  
15 is unable to rebuild a property within the time specified under  
16 the terms of policy, a property and casualty insurer shall pay  
17 the full amount of all replacement value of the insured  
18 property, including building code upgrades and extended  
19 replacement costs, at the time of close out; provided that the  
20 property and casualty insurer shall allow no less than thirty-



1 six months' time to close a claim, with two extensions of six  
2 months for good cause.

3       **§431:10E-I Relocation.** No policy shall limit a  
4 policyholder's ability to move to a new location with either an  
5 existing home or to build a new home. The policy shall pay the  
6 amount of the total loss of the insured property, including the:

7       (1) Full insured replacement cost without deduction for  
8             actual cash value; and

9       (2) Payment of building code upgrades and extended  
10            replacement costs.

11 There shall be no consideration for land value upon which the  
12 replacement home is located."

13       SECTION 3. Section 431:10-226.5, Hawaii Revised Statutes,  
14 is amended to read as follows:

15       "~~[+]~~**§431:10-226.5**~~[+]~~ **Notice of cancellation or nonrenewal.**

16 ~~[+]~~ Except as provided in section 431:10E-B, in the case of  
17 cancellation of a policy, the insurer shall give written notice  
18 to the insured not fewer than ~~[ten]~~ sixty days ~~[prior to]~~ before  
19 the effective date of cancellation. For nonrenewal of a policy,  
20 the insurer shall give written notice to the insured not fewer  
21 than ~~[thirty]~~ seventy-five days ~~[prior to]~~ before the effective



1 date of nonrenewal. If under title 24 or a policy, a longer  
2 time period is required for a notice of cancellation or  
3 nonrenewal for the policy, the longer period shall be  
4 applicable. Cancellation or nonrenewal shall not be deemed  
5 valid unless evidence of mailing is provided."

6 SECTION 4. Section 431:10E-124, Hawaii Revised Statutes,  
7 is amended to read as follows:

8 "[+]§431:10E-124[+] **Use of inquiries and other**

9 **information.** (a) An insurer shall not refuse to issue, refuse  
10 to renew, or cancel a homeowners insurance policy, or establish  
11 rates for coverage based in whole or in part on inquiries made  
12 by any consumer to an insurer, unless the inquiry provides  
13 information not previously disclosed by the insured.

14 (b) An inquiry by a telephone call or other communication  
15 made to an insurer regarding the terms, conditions, or coverage  
16 afforded under a homeowners insurance policy that does not  
17 result in a claim, including questions concerning whether a  
18 policy will cover a loss or the process for filing a claim,  
19 shall not constitute a claim."

20 SECTION 5. Section 657-7, Hawaii Revised Statutes, is  
21 amended to read as follows:



1       "**§657-7 Damage to persons or property.** (a) Actions for  
2 the recovery of compensation for damage or injury to persons or  
3 property shall be instituted within two years after the cause of  
4 action accrued, and not after, except as provided in section  
5 657-13.

6       (b) No homeowners insurance policy issued or renewed by a  
7 property and casualty insurer shall contain a provision that  
8 reduces the time to file an action under this section.

9       As used in this subsection, "property and casualty insurer"  
10 has the same meaning as in section 431:3-401."

11       SECTION 6. In codifying the new sections added by section  
12 2 of this Act, the revisor of statutes shall substitute  
13 appropriate section numbers for the letters used in designating  
14 the new sections in this Act.

15       SECTION 7. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17       SECTION 8. This Act shall take effect upon its approval  
18 and shall apply to all policies of property and casualty  
19 insurance issued or renewed on or after the effective date of  
20 this Act.

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H.B. NO. 1502

INTRODUCED BY:

Elle Cochran

JAN 23 2025





# H.B. NO. 1502

**Report Title:**

Property and Casualty Insurance; Homeowners Insurance; Pre- and Post-Disaster Protections

**Description:**

Establishes requirements for property and casualty insurers and policies for pre- and post-disaster protections.

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

