
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 Hawaii's condominium
2 unit owners face increasing challenges in obtaining adequate and
3 affordable insurance coverage for their properties. In many
4 cases, insurance rates have increased by more than one thousand
5 three hundred per cent in a single year.

6 The legislature further finds that alternative insurance
7 models, including self-insurance, mutual insurance, and
8 investment-based protection programs, may provide viable
9 solutions for condominium associations and owners. Establishing
10 clear standards and requirements for these alternative models is
11 essential to protect condominium owners while ensuring the
12 financial stability and sustainability of the programs.

13 Accordingly, the purpose of this Act is to require the
14 insurance commissioner to:

15 (1) Develop comprehensive standards and requirements for
16 condominium associations and developers to the obtain



1 property insurance through self-insurance and mutual
2 insurance;

3 (2) Examine and evaluate the feasibility of implementing
4 guaranteed buyback programs and investment-based
5 protection funds for condominiums; and

6 (3) Submit findings and recommendations, including any
7 proposed legislation, to the legislature no later than
8 twenty days prior to the convening of the regular
9 session of 2026.

10 SECTION 2. (a) The insurance commissioner shall:

11 (1) Develop comprehensive standards and requirements,
12 including financial and maintenance requirements, for
13 condominium associations, developers, and groups of
14 condominium associations and developers, to the obtain
15 the property insurance required under
16 section 514B-143, Hawaii Revised Statutes, through
17 self-insurance and mutual insurance; and

18 (2) Examine and evaluate the feasibility of implementing:

19 (A) Guaranteed buyback programs and investment-based
20 protection funds for condominiums; and

21 (B) An alternative model for condominiums in which:



1 (i) Unit owners deposit extra moneys each month
2 into a fund, which accumulates interest;
3 (ii) The fund accumulates interest; and
4 (iii) Moneys in the fund may be used for major
5 repairs, guaranteed buyback at a minimum
6 value, emergency situations, and future down
7 payments on other properties.

8 (b) The standards and requirements developed under
9 subsection (a)(1) shall comply with the requirements of
10 federally chartered mortgage lending entities, such as Fannie
11 Mae and Freddie Mac, to allow unit owners and potential unit
12 purchasers to qualify for a mortgage.

13 (c) The insurance commissioner shall submit a report of
14 its findings and recommendations, including any proposed
15 legislation, to the legislature no later than twenty days prior
16 to the convening of the regular session of 2026.

17 (d) As used in this Act:

18 "Condominium association" has the same meaning as
19 "association" in section 514B-3, Hawaii Revised Statutes.

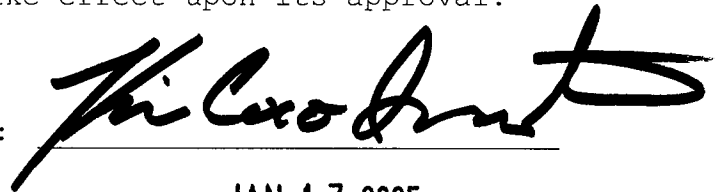
20 "Developer" has the same meaning as in section 514B-3,
21 Hawaii Revised Statutes.



1 "Unit owner" has the same meaning as in section 514B-3,
2 Hawaii Revised Statutes.

3 SECTION 3. This Act shall take effect upon its approval.
4

INTRODUCED BY:

A large, stylized handwritten signature in black ink, appearing to read "Phil Crockett", is written over a horizontal line.

JAN 17 2025



H.B. NO. 490

Report Title:

Condominiums; Developers; Insurance Commissioner; Mutual Insurance; Self-Insurance; Study

Description:

Requires the Insurance Commissioner to develop comprehensive standards and requirements for condominium associations and developers to obtain property insurance through self-insurance and mutual insurance, and examine and evaluate the feasibility of implementing guaranteed buyback programs and investment-based protection funds.

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