

JAN 17 2025

A BILL FOR AN ACT

RELATING TO INSURANCE PROTECTIONS.

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

1 SECTION 1. 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 . COVERAGE; WILDFIRE DISASTERS; MINIMUM REQUIREMENTS**

5 **§431:10E- Definitions.** As used in this part:

6 "Additional living expense coverage" means coverage of
7 increased living expenses during the time required to repair or
8 replace damage to the policyholder's dwelling unit following an
9 insured loss or, if the policyholder permanently relocates, the
10 time required to move the policyholder's household to a new
11 location.

12 "Owner-occupied residence" means a residence that is
13 occupied primarily for the use of the owner and owner's
14 designees. "Owner-occupied residence" includes an
15 owner-occupied primary residence but does not include any
16 property that is insured under a commercial insurance or
17 agribusiness policy.



1 "Recoverable depreciation" means the difference between the
2 cost to replace insured property and the actual cash value of
3 the property.

4 "Wildfire" means a rapidly spreading fire that:

5 (1) Is difficult to bring under control in an area that
6 includes combustible vegetation, such as trees, grass,
7 brush, or bushes; and

8 (2) Causes widespread or severe damage to property,
9 regardless of the original source of ignition of the
10 fire.

11 "Wildfire disaster" means a declaration of a state of
12 emergency by the governor pursuant to chapter 127A which,
13 according to the proclamation declaring the emergency, was
14 issued in response to a wildfire.

15 **§431:10E- Homeowners insurance policies; applicability**
16 **of party.** In offering, issuing, or renewing a homeowners
17 insurance policy in this State, an insurer shall comply with the
18 minimum requirements in this part concerning coverage provided
19 under the policy to protect policyholders from damages that
20 occur in the event of a total loss of an owner-occupied



1 residence, including the contents of the owner-occupied
2 residence, due to a wildfire disaster.

3 **\$431:10E- Loss due to wildfire disaster; minimum**
4 **requirements.** (a) A homeowners insurance policy shall not
5 limit or deny a payment of the building code upgrade cost or a
6 payment of any extended replacement cost available under the
7 policy coverage for a policyholder's structure that was a total
8 loss on the basis that the policyholder decided to rebuild in a
9 new location or to purchase an existing structure in a new
10 location if the policy otherwise covers the replacement cost or
11 building code upgrade cost; provided that the measure of
12 indemnity shall not exceed the replacement cost, including the
13 upgrade costs and extended replacement cost for repairing,
14 rebuilding, or replacing the structure at the original location
15 of the loss.

16 (b) If a homeowners insurance policy requires a
17 policyholder to repair, rebuild, or replace damaged or lost
18 property in order to collect the full replacement cost for the
19 property, the insurer, subject to the policy limits, shall:

20 (1) Allow the policyholder at least thirty-six months to
21, submit receipts and invoices for the replacement costs



1 of the insured owner-occupied residence. For the
2 purposes of this paragraph, the thirty-six month
3 period shall begin on the date upon which the insurer
4 provides the initial payment toward the actual cash
5 value of the damage or loss; and

6 (2) Provide that, in addition to the period described in
7 paragraph (1), the policyholder has the option to
8 twice extend the period by six months if the
9 policyholder, acting in good faith and with reasonable
10 diligence, encounters unavoidable delays in obtaining
11 a construction permit, lacks necessary construction
12 materials, lacks available contractors to perform
13 necessary work, or encounters other circumstances
14 beyond the policyholder's control. This paragraph
15 shall not be construed to prohibit an insurer from
16 allowing a policyholder additional time to collect the
17 full replacement cost for lost or damaged property or
18 for additional living expenses.

19 (c) The policy shall include additional living expense
20 coverage to apply in the event of a loss due to a wildfire
21 disaster. Notwithstanding any other law to the contrary,



1 additional living expense coverage shall be available for a
2 period of at least twenty-four months, and the insurer shall
3 offer the policyholder the opportunity to twice extend the
4 period by six months if the policyholder, acting in good faith
5 and with reasonable diligence, encounters a delay or delays in
6 receiving necessary permit approvals for, or reconstruction of,
7 the insured owner-occupied residence; provided that the delays
8 are beyond the control of the policyholder.

9 (d) The policy shall provide that, to replace personal
10 property and receive recoverable depreciation on that property,
11 an insurer shall allow the policyholder the greater of:

12 (1) At least three hundred sixty-five days after the
13 expiration of additional living expense coverage; or

14 (2) Thirty-six months after the insurer provides the
15 policyholder the first payment toward the actual cash
16 value of the loss.

17 (e) The policy shall provide that the insurer shall pay
18 the policyholder for the loss of use of the insured property
19 within twenty days after the insurer receives documentation of
20 the loss. The documentation may include a signed lease that



obligates the policyholder to pay for temporary replacement housing; provided that:

(1) If a policyholder provides a signed lease as documentation, the insurer may pay the policyholder in monthly or other increments, in accordance with the terms of the lease; and

(2) Alternatively, an insurer may provide advance rent payments for housing for the policyholder, family members, livestock, and pets, as necessary.

(f) The policy shall provide that the policyholder may either:

(1) Replace the insured owner-occupied residence at the current location or another location; provided that, in either case, the calculation of the replacement cost of the insured owner-occupied residence shall not include consideration of the value of the land upon which the replacement residence is located; or

(2) Use the proceeds from the policy to purchase an existing residence at a new location, in which case the calculation of the replacement cost of the insured owner-occupied residence shall not include



1 consideration of the value of the land upon which the
2 existing residence is located.

3 (g) The policy shall allow a policyholder to use claims
4 payments resulting from coverage against the loss of
5 outbuildings, dwelling extensions, and other structures to pay
6 the costs of a replacement residence if the coverage limit that
7 applies to the policyholder's owner-occupied residence is
8 insufficient to pay for rebuilding or replacing the
9 owner-occupied residence. Any claims payments for losses
10 pursuant to this subsection for which replacement cost coverage
11 is applicable shall be for the full replacement value of the
12 loss, without requiring actual replacement of the other
13 structures. Claims payments for other structures that exceed
14 the amount applied toward the necessary cost to rebuild or
15 replace the damaged or destroyed dwelling shall be paid
16 according to the terms of the policy.

17 (h) Within a reasonable amount of time after receiving a
18 claim under an issued policy, an insurer shall provide to the
19 policyholder:

20 (1) Appropriate contact information that allows for direct
21 contact with either an employee of the insurer or a



1 representative who is capable of elevating complaints
2 or inquiries to an employee of the insurer;

3 (2) At least one means of communication during regular
4 business hours; and

5 (3) A written status report if, within a six-month period,
6 the policyholder is assigned a third or subsequent
7 adjuster to be primarily responsible for a claim. The
8 written status report shall include a summary of any
9 decisions or actions that are substantially related to
10 the disposition of a claim, including the amount of
11 losses to structures or contents, the retention or
12 consultation of design or construction professionals,
13 the amount of coverage for losses to structures or
14 contents, and all items of dispute.

15 **§431:10E- Total loss of furnished owner-occupied**

16 **residence.** (a) If a homeowners insurance policyholder
17 experiences a total loss of the contents of an owner-occupied
18 residence that was documented as being furnished at the time of
19 loss because of a wildfire disaster, the insurer shall:

20 (1) Notwithstanding any other law or provision of the
21 insurance policy to the contrary, offer the



1 policyholder a minimum of sixty-five percent, or a
2 larger percent by mutual agreement of the policyholder
3 and insurer, of the limit of the contents coverage
4 indicated in the declaration page of the policy
5 without requiring the policyholder to submit a written
6 inventory of the contents;

7 (2) If a policyholder receives the depreciated value of
8 contents insured under a policy, the insurer shall
9 make available to the insured the methodology used for
10 determining the depreciated value of the insured
11 contents;

12 (3) Notify the policyholder that:

13 (A) Acceptance of the money described in paragraph

14 (1) of this section does not change the benefits
15 available under the policy;

16 (B) Additional money may be available if the
17 policyholder submits an inventory; and

18 (C) The insurer is required, pursuant to paragraph
19 (2) of this section, to disclose its methodology
20 for determining the depreciated value of the
21 contents of insured property;



1 (4) Provide payment for covered costs associated with the
2 removal of debris within sixty days after receiving an
3 invoice, receipt, or other documentation indicating
4 the date and cost of the removal of the debris;
5 provided that, in cases where debris removal is
6 conducted by, or in coordination with, governmental
7 entities, payment for covered costs for removal of
8 debris will be provided within a reasonable amount of
9 time; and

10 (5) Provide payment for any covered loss of trees, shrubs,
11 and landscaping within thirty days after the insurer
12 receives documentation of the loss, such as
13 documentation from a landscaping company showing the
14 number and nature of trees, shrubs, and landscaping
15 features damaged or destroyed.

16 (b) If the policyholder submits an inventory of personal
17 property losses in an amount that exceeds the amount paid to the
18 policyholder pursuant to subsection (a)(1), the insurer shall:

19 (1) Request any additional information concerning the
20 inventory no later than thirty days after receiving
21 the inventory; and



(2) Provide payment for any covered and undisputed items within thirty days after receiving the inventory.

(c) The commissioner shall adopt rules to simplify the process for policyholders to submit an inventory for personal property losses and expedite reimbursement for the losses.

§431:10E- Rules. The commissioner may adopt rules pursuant to chapter 91 necessary to implement this part."

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the implementation of this Act, including the hiring of one full-time equivalent (1.0 FTE) position.

The sums appropriated shall be expended by the department of commerce and consumer affairs for the purposes of this Act.

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

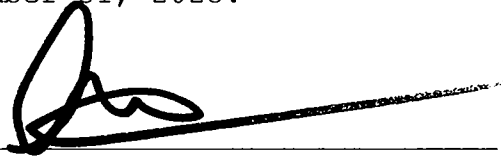


S.B. NO. 1141

1 SECTION 4. This Act shall take effect on July 1, 2025;
2 provided that section 1 shall apply to all homeowners insurance
3 policies issued or renewed after December 31, 2025.

4

INTRODUCED BY: _____

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a horizontal line extending to the right.

S.B. NO. 1141

Report Title:

Property Insurance; Insured Losses; Wildfires; Mandatory Coverage; Appropriation

Description:

Requires insurers offering homeowners insurance policies to comply with certain minimum requirements in cases of losses owner-occupied residences due to wildfire disasters.
Appropriates moneys.

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

