

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 804
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred S.B. No. 804 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FOR HAWAII
CONDOMINIUM PROPERTIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require property insurers to offer discounts on a condominium association's annual insurance premium if the association adopts specific risk mitigation upgrades or develops comprehensive disaster response plans;
- (2) Require property insurers of condominiums to base premium increases on actuarial justifications that reflect actual risk reduction resulting from upgraded fire safety improvements installed in conjunction with a building fire and life safety evaluation;
- (3) Require property insurers of condominiums to justify premium increases above ten percent; and
- (4) Require property insurers of condominiums to publicly report premium increases each year.



Your Committee received testimony in support of this measure from three individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Insurers Council.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the property insurance market for condominium associations in the State faces significant challenges, which include high premiums, insufficient coverage, and non-renewals due to the unique risk posed by condominium buildings. As the availability of condominium building master property insurance policy options continues to decrease within the State, the cost of these policies continues to increase exponentially. Your Committee further finds that encouraging improvements to the risk profile of aging condominium properties, modernizing infrastructure, enhancing safety measures, and mitigating disaster risks could improve their insurability. This measure addresses the trend of prohibitively expensive condominium master insurance policies by requiring property insurers to offer discounts to condominium associations that mitigate risk and increase building safety, thereby reducing the actual cost of the insurance premiums, and increasing transparency.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 804, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 804, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



JARRETT KEOHOKALOLE, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes