

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



GOV. MSG. NO. 1407

EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

July 7, 2025

The Honorable Ronald D. Kouchi  
President of the Senate,  
and Members of the Senate  
Thirty-Third State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Nadine Nakamura  
Speaker, and Members of the  
House of Representatives  
Thirty-Third State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 7, 2025, the following bill was signed into law:

S.B. NO. 1044, S.D. 2, H.D. 2,  
C.D. 1

RELATING TO THE STABILIZATION OF  
PROPERTY INSURANCE.  
**ACT 296**

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D." in a cursive style.

Josh Green, M.D.  
Governor, State of Hawai'i

## A BILL FOR AN ACT

RELATING TO THE STABILIZATION OF PROPERTY INSURANCE.

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

PART I

SECTION 1. The legislature finds that before the wildfire event in Lahaina, Maui, on August 8, 2023, the availability of condominium building master property insurance policy options within the condominium insurance marketplace was already shrinking. Due in part to the shrinking condominium insurance marketplace, condominium building master property insurance policy premiums have increased exponentially, with insurers increasing deductible amounts from what used to be between \$10,000 to \$25,000 per unit, per occurrence, to as much as \$250,000. These increased deductibles are also due to consistent and high-cost losses.

The legislature also finds that while the State has avoided a direct, major impact from a major hurricane since Hurricane Iniki devastated Kauai and damaged homes along Oahu's leeward coast more than thirty years ago, mortgage lenders continue to require Hawaii homeowners to carry hurricane insurance that can



1 cost two to three times the annual premiums of a conventional  
2 homeowner policy.

3       The legislature further finds that Hawaii Business Magazine  
4 recently reported that generally, a condominium building or  
5 complex carries a master hurricane policy that covers one  
6 hundred per cent of the cost to replace the property--millions  
7 of dollars in many cases. Unfortunately, because insurance  
8 premiums for those policies have recently risen so high, the  
9 president of Insurance Associates estimates that three hundred  
10 seventy-five to three hundred ninety buildings, including new  
11 high-rise towers in Kakaako, Oahu, have opted to renew their  
12 hurricane insurance policies with less than one hundred per cent  
13 hurricane coverage. This practice of reducing coverage is  
14 creating complications and adverse consequences for every person  
15 and entity associated with condominiums in Hawaii, from lenders  
16 and insurance agents to buyers and sellers of condominiums.

17       Furthermore, some condominium associations for older  
18 buildings are forced to obtain property insurance through the  
19 secondary insurance market if they are dropped by the standard  
20 insurers for, among other things, having too many claims. The  
21 president of Insurance Associates reported that more than seven



1 hundred condominium buildings on Oahu alone were built before  
2 1990. These secondary market insurers are not bound by the  
3 State's laws or administrative rules governing rates, so their  
4 prices may be more expensive than those of standard insurance  
5 carriers.

6 To illustrate the difference in insurance premium costs,  
7 the president of Insurance Associates cites the example of one  
8 high-rise condominium in Waikiki in which the condominium  
9 association had been paying an annual insurance premium of  
10 \$235,000 for property and hurricane insurance and had already  
11 been dropped by two of the standard insurance companies when the  
12 third company declined to renew their insurance policy. The  
13 stated reason for the nonrenewal and rejection was that the  
14 building's aging plumbing had not been replaced. As a result,  
15 the condominium association was forced to purchase insurance on  
16 the secondary market, which cost approximately \$1,200,000.

17 The legislature finds that the consequences of  
18 under-insured condominium buildings, including condominium  
19 buildings that lack full hurricane coverage, also impact  
20 individual owners. Today, there are only three insurers writing  
21 hurricane coverage for condominium buildings, one of which is



1 only willing to underwrite \$10,000,000 to \$25,000,000 in  
2 hurricane coverage while underwriting all other coverage up to  
3 the building's value. If a condominium building's insurance  
4 coverage, including hurricane coverage, is below its full value,  
5 the mortgages on individual units within that building would not  
6 meet the underwriting criteria to qualify for purchase through  
7 the federal government's secondary mortgage market, meaning that  
8 these mortgages cannot be sold by financial institutions to  
9 mortgage investor entities, such as the Federal National  
10 Mortgage Association (commonly referred to as Fannie Mae) and  
11 the Federal Home Loan Mortgage Corporation (commonly referred to  
12 as Freddie Mac). Coverage to address this lack of hurricane  
13 insurance coverage options is available from the excess and  
14 surplus lines market, which comprises insurers that are not  
15 licensed in the State; however, some condominium buildings are  
16 unwilling to purchase this coverage because of its high price.  
17 The legislature understands that although this Act authorizes  
18 the Hawaii hurricane relief fund to expand coverage to  
19 condominium buildings, premium rates may be high due to the rise  
20 in the global reinsurance market for hurricane insurance caused  
21 by the frequency and severity of worldwide disasters.



1 In addition, Hawaii Business Magazine has reported that the  
2 2021 collapse of the Surfside condominium building in Miami,  
3 Florida, is also having a ripple effect on condominium lending.  
4 In 2023, Fannie Mae and Freddie Mac made permanent the rules for  
5 condominium lending that were created in the wake of that  
6 disaster and ceased buying loans for buildings or projects that  
7 have put off major repairs--such as replacing old water pipes.  
8 These new lending rules also prohibit the sale of a loan on a  
9 condominium building to Fannie Mae and Freddie Mac if that  
10 building has unfunded repairs totaling more than \$10,000 per  
11 unit.

12 This inability to sell condominium mortgages would require  
13 financial institutions that originated mortgages to retain those  
14 mortgages, thereby lessening their overall financial capacity to  
15 originate more mortgages. Further, the risk of loss if a  
16 hurricane occurs may impair a financial institution's financial  
17 safety and soundness, which would in turn hamper consumers'  
18 abilities to obtain financing to purchase dwellings of their  
19 own. This measure establishes the condominium loan program, to  
20 be administered by the Hawaii green infrastructure authority, to  
21 provide financing for condominium associations to address



1 deferred maintenance or repair issues and to further help  
2 stabilize the standard property insurance market in the State by  
3 mitigating future claims.

4       The legislature notes that the wildfire in Lahaina, Maui,  
5 on August 8, 2023, has also impacted the way reinsurers and  
6 standard insurers view Hawaii's wildfire risk. The president of  
7 Insurance Associates estimates that while Hawaii has always been  
8 rated for hurricanes for property insurance purposes, it has  
9 never been rated for wildfires. Now that the State has  
10 experienced wildfires, not only in Lahaina, but also in Kula,  
11 West Oahu, and Mililani, parts of all islands will be rated for  
12 wildfires. Moreover, it is surmised that some insurers will not  
13 maintain their current policy-count in the State because of  
14 their increased costs for reinsurance, geographical  
15 concentration of risk, and inadequate rates both pre- and  
16 post-wildfire. Insurers have the financial responsibility to  
17 pay losses, and if reinsurance and premiums are not sufficient  
18 to cover these losses, an insurer needs to reduce their exposure  
19 by restricting new policies, reducing their policy-count, or  
20 both. The legislature recognizes that the price impact on



1 reinsurance from recent wildfires is not fully known and price  
2 increases may continue into the foreseeable future.

3       The legislature also understands that the market for  
4 reinsurance, the insurance that property and casualty insurance  
5 companies pay to share their risk, is global. Therefore, storms  
6 and other catastrophic losses occurring anywhere in the world  
7 may potentially impact the amounts that homeowners and  
8 condominium associations in Hawaii pay for their insurance  
9 coverage.

10       The legislature also acknowledges that although insurance  
11 coverage, excluding hurricane coverage, for condominium  
12 buildings is available in the standard insurance market, the  
13 availability of this coverage is not guaranteed. If this  
14 coverage became unavailable to condominium buildings, then under  
15 this Act, the Hawaii property insurance association would be  
16 authorized to provide this coverage.

17       This Act expands the authority of these State-established  
18 insurance entities to assist in the stabilization of the  
19 property insurance market until risks can be depopulated back to  
20 the standard insurance market when market conditions improve and  
21 risks become more insurable because of building component





1 replacement or maintenance, or mitigation equipment or protocols  
2 have been implemented for fire, wildfire, or hurricane events.

3       The legislature also recognizes that, although there has  
4 been much focus on the instability of the condominium insurance  
5 market in Hawaii, the broader property insurance industry faces  
6 uncertainty amidst changing economic and regulatory conditions,  
7 rising costs, increased reinsurance costs, and more frequent  
8 severe weather events. Given these precarious conditions, it is  
9 possible that a future disaster or other unforeseen circumstance  
10 could cause the availability of insurance to shrink for classes  
11 of real property other than condominiums, including  
12 single-family homes and townhouses.

13       Accordingly, this Act authorizes the Hawaii property  
14 insurance association to provide additional insurance coverage  
15 within the State for certain categories of properties if the  
16 Hawaii property insurance association and insurance commissioner  
17 determine that those categories of properties are experiencing a  
18 casualty and property insurance market failure. This authority  
19 will provide the Hawaii property insurance association with the  
20 flexibility to quickly address potential future disruptions in  
21 the insurance market. This flexibility is critical to ensure



1 that Hawaii residents living in non-condominium properties such  
2 as single-family homes and townhouses are protected following  
3 unexpected disasters that could otherwise increase the cost of  
4 insurance to the point where residents cannot afford to continue  
5 living in their homes or in the State.

6 The legislature believes that it is critical to begin the  
7 process to adequately capitalize the Hawaii property insurance  
8 association and Hawaii hurricane relief fund because insuring  
9 these risks could bring an enormous amount of risk exposure to  
10 the funds. Therefore, funding mechanisms must be broad on an  
11 initial and ongoing basis and spread among as many parties  
12 involved in real property transactions within the State as  
13 possible to ensure that the financial impacts are apportioned as  
14 equitably as practicable, and that reserve funds are adequately  
15 capitalized if losses exceed the funds' capacities.

16 In the past, the Hawaii hurricane relief fund was funded in  
17 part through the special mortgage recording fee, which was  
18 imposed on each mortgage recorded with the bureau of  
19 conveyances. The legislature recognizes concerns that the  
20 special mortgage recording fee is regressive because homebuyers  
21 who need to finance more of their purchase price are assessed



1 proportionally more than buyers who need to finance less or who  
2 can afford to complete their purchase using cash.

3       Therefore, this Act repeals the special mortgage recording  
4 fee and instead authorizes the Hawaii hurricane relief fund  
5 board of directors, subject to the approval of the insurance  
6 commissioner, to establish a temporary recording fee, which will  
7 be imposed as a flat assessment on each document that is  
8 recorded with the bureau of conveyances or filed with the  
9 assistant registrar of the land court of the State, as  
10 appropriate. This fee, if activated by the Hawaii hurricane  
11 relief fund and approved by the insurance commissioner, is  
12 intended to be a temporary funding mechanism that will spread  
13 costs out in a way that will reduce the regressive financial  
14 impact imposed on individuals and families who can only afford  
15 to purchase a residential dwelling by financing the purchase.  
16 If the Hawaii hurricane relief fund board of directors  
17 determines that the fee revenue is no longer required, this Act  
18 allows the board to terminate collection of the fee without  
19 seeking legislative action.

20       This Act provides additional funding mechanisms through  
21 the:



- 1           (1) Appropriation of general funds; and
- 2           (2) Option for the Hawaii hurricane relief fund to
- 3                 reactivate the assessment of insurers at an assessment
- 4                 rate determined by the Hawaii hurricane relief fund's
- 5                 board of directors to augment the capitalization of
- 6                 the Hawaii hurricane relief fund.

7           The legislature finds that this Act is necessary to:

- 8           (1) Stabilize the property insurance market so that
- 9                 insurers continue to insure properties in the State;
- 10          (2) Ensure access to adequate property insurance for
- 11                 certain properties located within the State to allow
- 12                 lenders to finance mortgages that meet the
- 13                 requirements of the secondary mortgage market; and
- 14          (3) Serve an important public purpose.

15          This Act is a stop-gap measure to provide insurance

16          availability for condominium associations that are unable to

17          purchase adequate property insurance for their respective

18          condominium buildings that are in insurable condition.

19          Condominium associations that apply for coverage through the

20          Hawaii property insurance association will need to pay premiums

21          that are sufficient to cover the condominium association's



1 exposure to losses. This measure is not designed to be a  
2 long-term solution, and therefore the legislature has imposed a  
3 one-time five-year coverage period and commissioned a study to  
4 recommend long-term solutions to stabilize the property  
5 insurance market in the State. To that end, in addition to  
6 providing for the issuance of short-term property insurance  
7 coverage, this Act also effectively requires the insurance  
8 commissioner to conduct a study to develop a long-term solution.  
9 The legislature notes that a long-term solution may potentially  
10 include the issuance of property insurance policies for  
11 condominium buildings that are in need of repair or replacement  
12 of components.

13 Accordingly, the purpose of this Act is to:

14 (1) Amend state laws governing the Hawaii property  
15 insurance association and the Hawaii hurricane relief  
16 fund to enable these entities to underwrite certain  
17 insurance risks in the State that no standard insurer  
18 is currently willing to underwrite;

19 (2) Establish a condominium loan program and condominium  
20 loan revolving fund to provide qualified condominium



- 1           associations with low-cost financing or refinancing  
2           for maintenance or repair projects;
- 3           (3) Establish a condominium loan loss reserves program to  
4           incentivize community development financial  
5           institutions to provide loans at competitive rates and  
6           terms to condominium associations to allow the  
7           associations to perform necessary maintenance or make  
8           repairs;
- 9           (4) Require the insurance commissioner to conduct a study  
10          to monitor and identify the most effective methods of  
11          stabilizing the property insurance market in the  
12          State; and
- 13          (5) Appropriate funds.

## PART II

15          SECTION 2. Section 431:21-102, Hawaii Revised Statutes, is  
16          amended by adding three new definitions to be appropriately  
17          inserted and to read as follows:

18          "Condominium" means real property that:

- 19          (1) Has a condominium association that is registered with  
20          the real estate commission in accordance with chapter  
21          514B, part VI;

- 1        (2) Consists of units as defined in section 514B-3;  
2        (3) Is used primarily for residential purposes; and  
3        (4) Is in insurable condition as determined by the  
4                association's board of directors.

5        "High-rise condominium" means a condominium that has four  
6 or more stories that contain units that are or can be occupied  
7 by a person.

8        "Property insurance" means policies, riders, or  
9 endorsements of insurance that provide indemnity, in whole or in  
10 part, for the loss, destruction, or damage of property and  
11 against legal liability for the death, injury, or disability of  
12 any human being, or from damage to property. "Property  
13 insurance" does not include any indemnity for loss, destruction,  
14 damage of property, or death, injury, or disability of any human  
15 being, or from damage to property, caused by a hurricane."

16        SECTION 3. Section 431:21-105, Hawaii Revised Statutes, is  
17 amended to read as follows:

18        "**§431:21-105 Powers and duties of the association. (a)**  
19 In addition to any other requirements imposed by law, the  
20 association shall:



1 (1) Formulate and administer a plan of operation to insure  
2 persons having an insurable interest in real or  
3 tangible personal property in ~~[the]~~ an area designated  
4 by the commissioner;

5 (2) Establish in the plan of operation a maximum period of  
6 time during which a high-rise condominium association  
7 may be eligible to be insured by the association,  
8 which shall not exceed sixty months;

9 ~~[(2)]~~ (3) Reimburse each servicing facility for obligations  
10 of the association paid by the facility and for  
11 expenses incurred by the facility while processing  
12 applications and servicing policies on behalf of the  
13 association; and

14 ~~[(3)]~~ (4) Collect and maintain statistical information and  
15 other information required by the commissioner.

16 (b) In addition to any other powers allowed by law, the  
17 association may:

18 (1) Add additional insurance coverages with the approval  
19 of the commissioner, including coverage for commercial  
20 risks up to the limits of coverage ~~[for residential~~  
21 ~~risks]~~ as set forth in the plan of operation;



1 (2) Employ or retain persons as are necessary to perform  
2 the duties of the association;

3 (3) Contract with a member insurer to perform the duties  
4 of the association;

5 (4) Sue or be sued;

6 (5) Borrow funds necessary to effectuate the purposes of  
7 this article in accord with the plan of operation;

8 (6) If approved by the commissioner, ~~[assess]~~ activate,  
9 reduce, or terminate the collection of an assessment  
10 on member insurers in amounts necessary to cover  
11 extraordinary losses incurred by the association~~[+]~~;  
12 provided that:

13 (A) Each member insurer shall be notified of the  
14 assessment not later than thirty days before it  
15 is due~~[+]~~;

16 (B) The association, subject to the approval of the  
17 commissioner, may set the amount of the  
18 assessment; provided further that:

19 (i) No member insurer may be assessed in any  
20 year an amount greater than two per cent of  
21 that member insurer's net direct written

1 premiums for the preceding calendar year[-];

2 and

3 (ii) The association may at any time reduce the  
4 amount of the assessment;

5 (C) The association, subject to the approval of the  
6 commissioner, may establish the period of time  
7 during which the assessment shall be collected;  
8 provided that the time period shall not exceed  
9 thirty-six months; provided further that the  
10 association at any time may terminate the  
11 collection of the assessment; and

12 (D) The association may exempt or defer, in whole or  
13 in part, the assessment of any member insurer if  
14 the assessment would cause the member insurer's  
15 financial statement to reflect amounts of capital  
16 or surplus less than the minimum amounts required  
17 for a certificate of authority by any  
18 jurisdiction in which the member insurer is  
19 authorized to transact business;

20 (7) Devise a method to give credit to member insurers [for  
21 ~~homeowners and fire insurance policies individually~~



1 ~~underwritten on risks located in the area designated~~  
2 ~~for coverage by the association;]~~ as set forth in the  
3 plan of operation;

4 (8) Negotiate and become a party to contracts as are  
5 necessary to carry out the purposes of this article;  
6 [and]

7 (9) Establish outside the state treasury a reserve trust  
8 fund and any accounts thereunder and any other trust  
9 fund or account necessary to carry out the purposes of  
10 this article. Moneys deposited in the reserve trust  
11 fund and any accounts thereunder or any other trust  
12 fund or account established by the association shall  
13 be held by the association, as trustee, in a  
14 depository as defined in section 38-1 or according to  
15 a similar arrangement at the discretion of the board  
16 of directors, including but not limited to trust or  
17 custodial accounts created for the benefit of the  
18 fund's secured parties under contractual claims  
19 financing arrangements. These moneys may be invested  
20 and reinvested in accordance with the plan of  
21 operation. Disbursements from the trust funds shall



1           not be subject to chapter 103D and shall be made in  
2           accordance with procedures adopted by the board of  
3           directors;

4       (10) Receive moneys for deposit into a trust fund or  
5           account from the revenues received from sources of  
6           revenue available to the board of directors; and

7       ~~[(9)]~~ (11) Perform all other acts as are necessary or  
8           proper to effectuate the purpose of this article."

9       SECTION 4. Section 431:21-106, Hawaii Revised Statutes, is  
10   amended as follows:

11       1. By amending subsection (a) to read:

12       "(a) The association shall submit to the commissioner a  
13   plan of operation and any amendments to the plan necessary or  
14   suitable to ~~[assure]~~ ensure the fair, reasonable, and equitable  
15   administration of the association. The plan of operation and  
16   any amendment shall become effective upon approval in writing by  
17   the commissioner. If the association fails to submit a suitable  
18   plan of operation or if at any time the association fails to  
19   submit suitable amendments to the plan, the commissioner shall  
20   adopt the rules necessary to carry out this article. The rules  
21   shall continue in force until modified by the commissioner or



1 superseded by a plan submitted by the association and approved  
2 in writing by the commissioner."

3 2. By amending subsection (c) to read:

4 "(c) The plan of operation [~~shall~~]:

5 (1) [~~Establish~~] Shall establish procedures for performance  
6 of all the powers and duties of the association under  
7 section 431:21-105;

8 (2) [~~Establish~~] Shall establish maximum limits of  
9 liability to be placed through the association;

10 (3) [~~Establish~~] Shall establish reasonable underwriting  
11 standards for determining insurability of a risk  
12 [~~which~~] that are comparable to the standards used to  
13 determine insurability of a risk located outside the  
14 area designated by the commissioner as eligible for  
15 association coverage;

16 (4) [~~Establish~~] Shall establish a schedule of deductibles,  
17 if appropriate;

18 (5) Shall establish a maximum period of time during which  
19 a high-rise condominium may be eligible to be insured  
20 by the association, which shall not exceed sixty  
21 months;

1       ~~[(5) Establish]~~ (6) Shall establish the commission to be  
2       paid to licensed producers;

3       ~~[(6) Establish]~~ (7) Shall establish the rates to be  
4       charged for the insurance coverages, so that the total  
5       premium income from all association policies, when  
6       combined with the investment income, shall annually  
7       fund the administration of the association. The  
8       administration of the association shall include the  
9       expenses incurred in processing applications,  
10      conducting inspections, issuing and servicing  
11      policies, paying commissions, and paying claims, but  
12      shall not include assessments approved by the  
13      commissioner;

14      ~~[(7) Establish]~~ (8) Shall establish the manner and scope  
15      of the inspection and the form of the inspection  
16      report. The inspection guidelines may include setting  
17      minimum conditions the property must meet before an  
18      inspection is required;

19      ~~[(8) Establish]~~ (9) Shall establish procedures whereby  
20      selections for the board of directors will be



1 submitted to the commissioner for the commissioner's  
2 information;

3 [~~(9)~~ ~~Establish~~] (10) Shall establish procedures for  
4 records to be kept of all financial transactions of  
5 the association, its producers, and its board of  
6 directors;

7 [~~(10)~~ ~~Establish~~] (11) Shall establish procedures by which  
8 applications will be received and serviced by the  
9 association;

10 [~~(11)~~ ~~Establish~~] (12) Shall establish guidelines for the  
11 investigation and payment of claims; [~~and~~

12 ~~(12)~~ ~~Establish~~] (13) Shall establish procedures whereby  
13 the association may assume and cede reinsurance on  
14 risks written through the association~~[-]~~;

15 (14) Shall include the following:

16 (A) Coverage forms, endorsements, limits, and  
17 deductibles for the covered condominium; provided  
18 that the association may categorize these forms,  
19 endorsements, limits, and deductibles by the type  
20 of peril being covered;



1           (B) Rate tiers, including potential high deductible  
2           options and surcharges for condominiums that  
3           remain in the plan of operation;

4           (C) Provisions authorizing the association to decline  
5           providing coverage;

6           (D) Potential annual premium rate increases; and

7           (E) Establishment of adequate rates to avoid  
8           assessment of the voluntary market;

9       (15) Shall require, prior to issuance or renewal of  
10       coverage, the applicant for condominium property  
11       insurance coverage or renewal to:

12       (A) Provide the following to the association:

13           (i) The condominium association's declarations,  
14           bylaws, or other documents that describe the  
15           condominium association's process for paying  
16           claims, including the portion of the claim  
17           to be paid by the condominium association  
18           and the portion to be paid by each unit  
19           owner; and

20           (ii) The condominium association's declarations,  
21           bylaws, or other documents that describe the





1 condominium association's process for  
2 handling losses both pursuant to the  
3 applicable master policy and by the  
4 applicable condominium association;

5 (B) Cause to be completed an inspection of the  
6 applicable condominium; provided that the  
7 inspection shall be consistent with any  
8 inspection and reporting standards established by  
9 the board of directors of the association and  
10 incorporated into the plan of operation pursuant  
11 to paragraph (8); and

12 (C) Satisfy any relevant requirements established by  
13 the board of directors of the association and  
14 incorporated into the plan of operation;

15 (16) May prohibit coverage under this article for any  
16 high-rise condominium for which the association or its  
17 servicing entities or any agents thereof have  
18 identified maintenance issues that materially affect  
19 the insurability of the high-rise condominium for the  
20 type of coverage being sought; and



1        (17) Shall adopt procedures, guidelines, installment  
2        amounts, and a timetable for the repayment of any  
3        general fund moneys that are loaned to sufficiently  
4        capitalize the reserve trust fund established pursuant  
5        to section 431:21-105(b)(9) and deposited into the  
6        separate account within the reserve trust fund;  
7        provided that the repayment shall not commence until  
8        the reserve trust fund is sufficiently capitalized as  
9        determined by the board of directors."

10       SECTION 5. Section 431:21-107, Hawaii Revised Statutes, is  
11 amended to read as follows:

12       " ~~[+] §431:21-107 []-~~ Designation of area.] Coverage  
13 eligibility. (a) After consultation with representatives of  
14 the United States Geological Survey, the state department of  
15 defense, and the county in which the area is located, the  
16 commissioner shall designate the geographical area eligible for  
17 coverage in lava zones 1 and 2 through the association. Those  
18 properties in the designated area that meet the standards set  
19 forth in the plan of operation shall be provided insurance  
20 through the association.

1       For the purposes of this subsection, "lava zones 1 and 2"  
2       means the two zones designated on the United States Geological  
3       Survey's lava flow hazard zone map that are the most hazardous  
4       and includes volcanic vents in the summits and rift zones of the  
5       two most active volcanoes within the State.

6       (b) A condominium association registered under chapter  
7       514B, part VI, having an insurable interest in real or tangible  
8       property that is a condominium that is subject to this chapter,  
9       located within the State, and that meets the criteria and  
10       requirements set forth in the plan of operation, may be provided  
11       property insurance through the association.

12       (c) Additional insurance coverages may be provided  
13       statewide, including but not limited to single-family  
14       residences, townhouses, or any other categories of property for  
15       which the insurance market is experiencing a failure of the  
16       casualty and property insurance market, as determined by the  
17       association and approved by the commissioner."

18       SECTION 6. Section 431:21-109, Hawaii Revised Statutes, is  
19       amended to read as follows:

20       "**§431:21-109 Insurance coverages available under plan.**

21       ~~[(a)]~~ All properties qualifying for coverage under the plan of

1 operation shall be eligible for the standard fire policy and  
2 extended coverage endorsement. The association shall provide  
3 additional coverages when directed by the commissioner or when  
4 approved by the commissioner. Nothing in this section shall be  
5 construed as authorizing the association to provide hurricane  
6 coverage.

7 ~~[(b) At the written request of any person who is, or is~~  
8 ~~attempting to become, a mortgagor on real property that~~  
9 ~~qualifies for coverage under the plan of operation, the~~  
10 ~~association shall provide coverage for an amount not less than~~  
11 ~~the amount of the mortgage obligation, but no greater than the~~  
12 ~~value of the property being insured; provided that it does not~~  
13 ~~exceed the limits of the plan. The policy shall name the~~  
14 ~~intended mortgagee as the beneficiary for the amount equal to~~  
15 ~~the outstanding balance on the mortgage.~~

16 ~~(c) In the application of subsection (b), the amount~~  
17 ~~covered under the policy shall comply with article 10E.] "~~

18 SECTION 7. Section 431:21-115, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 " [4] §431:21-115 [1] ~~Credits for~~ Recoupment of assessments  
21 paid. ~~[A member insurer may offset against its premium tax~~



1 ~~liability to this State an assessment made with the~~  
2 ~~commissioner's approval to the extent of twenty per cent of the~~  
3 ~~amount of the assessment for each of the five calendar years~~  
4 ~~following the year in which the assessment was paid. In the~~  
5 ~~event a member insurer should cease doing business in this~~  
6 ~~State, all uncredited assessments may be credited against its~~  
7 ~~premium tax liability for the year it ceases doing business.]~~

8 (a) Subject to the approval of the commissioner, each member  
9 insurer shall annually recoup assessments paid by the member  
10 insurer under section 431:21-105(b)(6). The recoupment shall be  
11 recovered by means of a surcharge on premiums charged by the  
12 member insurer for property and casualty insurance, not  
13 including motor vehicle insurance. Any excess recovery by a  
14 member insurer shall be credited pro rata to that member  
15 insurer's policyholders' premiums in the succeeding year unless  
16 there has been a subsequent assessment, in which case the excess  
17 shall be used to pay the amount of the subsequent assessment. A  
18 member insurer may continue to surcharge premiums until the full  
19 assessments are recouped.

20 (b) The surcharge required under subsection (a) shall be  
21 established by the association and shall not exceed two per cent



1 of the total premiums charged for each policy by the member  
2 insurer.

3 (c) Each member insurer shall provide to the association  
4 an accounting of its recoupments. The association shall compile  
5 the member insurers' accountings and submit the accountings as  
6 part of the association's annual report to the commissioner.

7 (d) The amount of and reason for any surcharge shall be  
8 separately stated on any billing sent to an insured. The  
9 surcharge shall not be considered premiums for any other  
10 purpose, including the computation of gross premium tax or the  
11 determination of producer commissions."

12 PART III

13 SECTION 8. Chapter 431P, Hawaii Revised Statutes, is  
14 amended by adding two new sections to be appropriately  
15 designated and to read as follows:

16 "§431P-A Recoupment of assessments paid. (a) Subject to  
17 the approval of the commissioner, each licensed property and  
18 casualty insurer shall annually recoup assessments paid by the  
19 licensed property and casualty insurer under  
20 sections 431P-5(b)(8)(A) and (B) and 431P-16(d). The recoupment  
21 shall be recovered by means of a surcharge on premiums charged



1 by the licensed property and casualty insurer for policies on  
2 which the assessment was made. Any excess recovery by a  
3 licensed property and casualty insurer shall be credited pro  
4 rata to that insurer's policyholders' premiums in the succeeding  
5 year unless there has been a subsequent assessment, in which  
6 case the excess shall be used to pay the amount of the  
7 subsequent assessment. A licensed property and casualty insurer  
8 may continue to collect a surcharge on premiums until the full  
9 assessments are recouped.

10 (b) The surcharge required under subsection (a) shall be  
11 the same percentage of the total premiums charged for each  
12 policy assessed under sections 431P-5(b)(8)(A) and (B) and  
13 431P-16(d).

14 (c) Each licensed property and casualty insurer shall  
15 provide to the fund an accounting of its recoupments. The fund  
16 shall compile the licensed property and casualty insurers'  
17 accountings and submit the accountings as part of the fund's  
18 annual report to the commissioner.

19 (d) The amount of and reason for any surcharge shall be  
20 separately stated on any billing sent to an insured. The  
21 surcharge shall not be considered a premium for any other



1 purpose, including the computation of gross premium tax or the  
2 determination of producer commissions.

3 §431P-B Temporary recording fee; establishment, reduction,  
4 and cessation by board. (a) Subject to the approval of the  
5 commissioner, the board may activate, reduce, or terminate the  
6 collection of a temporary recording fee as provided in this  
7 section.

8 (b) The temporary recording fee shall be imposed on each  
9 document that is recorded with the bureau of conveyances or  
10 filed with the assistant registrar of the land court of the  
11 State.

12 (c) If the board establishes or reactivates the temporary  
13 recording fee, the board shall:

14 (1) Set the amount of the fee; provided that the amount  
15 shall not exceed \$44 per document recorded with the  
16 bureau of conveyances or filed with the assistant  
17 registrar of the land court of the State; and

18 (2) Establish the period of time during which the fee  
19 shall be collected; provided that the time period  
20 shall not exceed thirty-six months.





1        (d) The temporary recording fee shall not apply to  
2 documents recorded or filed for parcels in the agricultural land  
3 use district pursuant to section 205-2.

4        (e) Notwithstanding the amount or time period established  
5 under subsection (c)(1) or (2), the board at any time may:

6        (1) Reduce the amount of the temporary recording fee; or

7        (2) Terminate the collection of the temporary recording  
8 fee.

9        (f) The temporary recording fee shall be submitted to and  
10 collected by the bureau of conveyances or the assistant  
11 registrar of the land court of the State. All proceeds realized  
12 from the collection of the fee shall be deposited into a  
13 separate account of the hurricane reserve trust fund.

14        (g) The temporary recording fee shall be in addition to  
15 any applicable fees under chapter 501 or 502."

16        SECTION 9. Section 431P-1, Hawaii Revised Statutes, is  
17 amended as follows:

18        1. By adding two new definitions to be appropriately  
19 inserted and to read:

20        "Condominium" means real property that:

- 1       (1) Has an association registered with the real estate  
2       commission in accordance with chapter 514B, part VI;  
3       (2) Consists of units as defined in section 514B-3;  
4       (3) Is used for residential purposes; and  
5       (4) Is in insurable condition as determined by the board.

6       "High-rise condominium" means a condominium that has four  
7       or more stories that contain units that are or can be occupied  
8       by a person."

9       2. By amending the definition of "eligible property" to  
10      read:

11      ""Eligible property" means:

- 12      (1) Real property [~~of one to four units~~] used for  
13      residential purposes and [~~which~~] that is in insurable  
14      condition, and [~~which~~] that may include tangible  
15      personal property located therein or thereon and other  
16      structures at the insured location, as provided in the  
17      plan of operation or any manual of rules and rates  
18      adopted under the plan of operation;  
19      (2) Real property used for business, commercial, or  
20      industrial purposes [~~which~~] that is in insurable  
21      condition, and [~~which~~] that may include tangible



1 personal property located therein or thereon, as  
2 provided in the plan of operation or any manual of  
3 rules and rates adopted under the plan of operation;

4 (3) Tangible personal property owned by an occupant of and  
5 located in or on real property of the types described  
6 in paragraph (1), as provided in the plan of operation  
7 or any manual of rules and rates adopted under the  
8 plan of operation; provided that the owner of the  
9 tangible personal property does not own the real  
10 property in or ~~on~~ upon which the tangible personal  
11 property is located; ~~and~~

12 (4) Tangible personal property owned by an occupant of and  
13 located in or on real property of the types described  
14 in paragraph (2) as provided in the plan of operation  
15 or any manual of rules and rates adopted under the  
16 plan of operation; provided that the owner of the  
17 tangible personal property does not own the real  
18 property in or ~~on~~ upon which the tangible personal  
19 property is located~~[-]~~; and

20 (5) A condominium that may include tangible personal  
21 property located therein or thereon and other



1           structures at the insured location, as provided in the  
2           plan of operation or any manual of rules and rates  
3           adopted under the plan of operation."

4           3. By amending the definition of "licensed property and  
5 casualty insurer" to read:

6           ""Licensed property and casualty insurer" means[+]

7           ~~(1)~~ Any] any insurer licensed to transact any one or more  
8           classes of insurance authorized in section 431:3-204  
9           where premiums written within [~~such~~] the authority are  
10          required to be reported in the "Exhibit of Premiums  
11          and Losses" for this State in the National Association  
12          of Insurance Commissioners fire and casualty annual  
13          statement convention blank that is required to be  
14          filed with the commissioner under section 431:3-302[+  
15          and

16          ~~(2) The Hawaii Property Insurance Association created in~~  
17          ~~article 21 of chapter 431] ."~~

18          4. By amending the definition of "policy of hurricane  
19 property insurance" to read:

20          ""Policy of hurricane property insurance" means a policy or  
21 endorsement of insurance issued by the fund insuring only



1 against damage or loss to eligible property caused by a covered  
2 event ~~[in excess of the deductible and up to:~~

3 ~~(1) \$750,000 per risk on real property of one to four~~  
4 ~~units used for residential purposes and the personal~~  
5 ~~property located therein or thereon and other~~  
6 ~~structures at the insured location, subject to the~~  
7 ~~limits defined by the plan of operation or any manual~~  
8 ~~of rules and rates adopted under the plan of~~  
9 ~~operation; and~~

10 ~~(2) \$500,000 per risk on real and personal property used~~  
11 ~~for business, commercial, or industrial purposes,~~  
12 ~~subject to the limits defined by the plan of operation~~  
13 ~~or any manual of rules and rates adopted under the~~  
14 ~~plan of operation;~~

15 ~~provided that the board may designate an association of property~~  
16 ~~owners or cooperative housing corporation to be a commercial~~  
17 ~~risk; provided that this policy or endorsement shall not include~~  
18 ~~coverage for business interruption and other similar~~  
19 ~~coverages.], subject to the limits and deductibles allowed by~~  
20 ~~the plan of operation or any manual of rules and rates adopted~~  
21 ~~under the plan of operation."~~



1       SECTION 10.   Section 431P-2, Hawaii Revised Statutes, is  
2   amended to read as follows:

3       "[f]§431P-2[+]   Establishment of Hawaii hurricane relief  
4   fund.   There shall be a Hawaii hurricane relief fund to be  
5   placed within the department of commerce and consumer affairs  
6   for administrative purposes.   The fund shall be a public body  
7   and a body corporate and politic.   Any applicant for insurance  
8   from the fund shall provide proof, to the satisfaction of the  
9   board, of the inability to obtain hurricane property insurance  
10   from insurers licensed to transact business in the State."

11       SECTION 11.   Section 431P-5, Hawaii Revised Statutes, is  
12   amended to read as follows:

13       "§431P-5   Powers, duties, and functions.   (a)   The Hawaii  
14   hurricane relief fund shall have the following general powers:  
15       (1)   To sue and be sued;  
16       (2)   To make and alter policies for its organization and  
17             internal administration;  
18       (3)   To adopt rules in accordance with chapter 91 to  
19             effectuate the purposes of this chapter;  
20       (4)   To borrow moneys, including but not limited to moneys  
21             from [~~state or~~] federal or state sources and to issue



1 notes or other obligations of the fund for the  
2 purposes of providing funds for any of its purposes as  
3 authorized by the legislature from time to time;

4 (5) To pledge, assign, or grant a security interest in all  
5 or any part of the moneys, rents, charges,  
6 assessments, or other revenue and any proceeds thereof  
7 derived by the fund; provided that any pledge,  
8 assignment, or grant of security interest shall  
9 constitute a lien and security interest on ~~[such]~~ the  
10 money, rents, charges, assessments, or other revenue,  
11 and any proceeds thereof to the extent and with the  
12 priority set forth in the document establishing the  
13 pledge, assignment, or security interest, without the  
14 necessity for physical delivery, recording, or further  
15 act; and provided further that in effectuating any  
16 pledge, assignment, or grant of security interest, the  
17 fund may do either or both of the following:

18 (A) Transfer possession of collateral to its secured  
19 parties; or

20 (B) Execute and cause to be filed at the bureau of  
21 conveyances of the State of Hawaii, Uniform



1 Commercial Code financing statements for the  
2 purpose of providing notice to third parties of a  
3 pledge, assignment, or grant of security  
4 interest; provided that any failure to file a  
5 financing statement or the filing of a financing  
6 statement that contains incomplete or inaccurate  
7 information shall not affect the perfected lien  
8 and security interest of the pledge, assignment,  
9 or grant of security interest; and

10 (6) Enter into contracts as necessary to effectuate the  
11 purposes of this chapter.

12 (b) In addition to the general powers under subsection  
13 (a), the fund shall have the specific power to:

14 (1) Adopt and administer a plan of operation in accordance  
15 with section 431P-7, and a manual of rules and rates  
16 to provide persons having an insurable interest in  
17 eligible property with insurance coverage provided by  
18 the fund;

19 (2) Authorize the provision of hurricane coverage by the  
20 fund for real property and tangible personal property  
21 located in or on real property and establish limits of





1 liability for specific coverages within the range of  
2 authorized coverage;

3 (3) Adopt actuarially sound rates based on reasonable  
4 assumptions relative to expectations of hurricane  
5 frequency and severity for all coverage provided under  
6 policies or endorsements issued by the fund. Rates  
7 adopted shall be subject to approval by the  
8 commissioner pursuant to article 14 of chapter 431.  
9 Rates adopted shall provide for classification of  
10 risks and shall include past and prospective losses  
11 and expense experience in this State;

12 (4) Adopt procedures, guidelines, and surcharges  
13 applicable to policies of hurricane property insurance  
14 issued in connection with an underlying property  
15 policy issued by an unauthorized insurer;

16 (5) Adopt any form of insurance policy necessary for  
17 providing policies of hurricane property insurance by  
18 the fund, with the approval of the commissioner;

19 (6) Issue policies of hurricane property insurance and pay  
20 claims for coverage over the mandatory deductible or  
21 other deductible provided in the plan of operation or



any manual of rules and rates adopted under the plan  
of operation;

(7) ~~[Require every]~~ Contract with one or more licensed  
property and casualty ~~[insurer]~~ insurers transacting  
direct property insurance business in this State or an  
entity specializing in providing insurance  
administration to act as a servicing facility, and by  
contract with that ~~[insurer]~~ servicing facility  
authorize the ~~[insurer]~~ servicing facility to inspect  
eligible properties, service policies and  
policyholders of hurricane property insurance, provide  
claim services, and perform any other duties as  
authorized by the fund for applicants to the fund and  
those insured by it;

(8) (A) Assess all licensed property and casualty  
insurers the amounts ~~[which]~~ that, together with  
the other assets of the fund, are sufficient to  
meet all necessary obligations of the fund. The  
assessment shall be made on the insurer's gross  
direct written premiums for property and casualty  
insurance in this State for the preceding

1           calendar year. The rate of assessment shall be  
2           established by the board and in a year in which a  
3           covered event has not occurred ~~[shall be]~~ may be  
4           up to a percentage not to exceed 3.75 per cent  
5           and shall not include the insurer's gross direct  
6           written premiums for motor vehicle insurance in  
7           this State; provided that following a covered  
8           event, the rate of assessment may be increased to  
9           an amount not to exceed five per cent and may  
10          include the insurer's gross direct written  
11          premiums for motor vehicle insurance in this  
12          State. This increase shall remain in effect  
13          until ~~[such]~~ the time ~~[as]~~ all claims and other  
14          obligations, including but not limited to bonds  
15          and notes, arising out of a covered event ~~[shall]~~  
16          have been fully discharged. ~~[An insurer~~  
17          ~~authorized to provide comparable coverage under~~  
18          ~~section 431P-10(b) and which is providing~~  
19          ~~hurricane property insurance in the State shall~~  
20          ~~be assessed an amount that excludes gross direct~~  
21          ~~written premiums for property insurance in this~~

1           ~~State.]~~ The assessment for a year in which a  
2 covered event has not occurred shall be collected  
3 quarterly during each calendar year;

4           (B) ~~[In the event of]~~ If a loss occurs from a covered  
5 event ~~[the fund]~~, in addition to the assessment  
6 in subparagraph (A), ~~[shall]~~ assess those  
7 insurers ~~[which]~~ that acted as servicing  
8 facilities during the twelve months ending at the  
9 start of the month preceding the month in which  
10 the covered event occurs. The total assessment  
11 shall be a fixed percentage of the total coverage  
12 provided by the fund under its policies of  
13 hurricane property insurance during the month  
14 preceding the month in which the covered event  
15 occurs. The percentage to be used in calculating  
16 the total assessment shall be ~~[as follows]~~:

- 17           ~~[(i) For calendar year 1998, a percentage as~~  
18                       ~~fixed by the board in the plan of operation,~~  
19                       ~~but in no event shall the total assessment~~  
20                       ~~exceed \$500,000,000;~~  
21           ~~(ii) For calendar year 1999, 1.125 per cent;~~



1           ~~(iii) For calendar year 2000, 1.25 per cent; and~~  
2           ~~(iv)]~~    (i) For calendar year 2001[, and each  
3                    ~~calendar year thereafter,]~~ through calendar  
4                    year 2025, 1.5 per cent[-]; and  
5            (ii) Beginning January 1, 2026, a percentage not  
6                    to exceed 1.5 per cent as determined by the  
7                    board.

8           A separate total assessment shall be made for  
9           each covered event. The total assessment shall  
10          be allocated to each servicing facility based on  
11          the proportion of the total amount of the fund's  
12          gross direct written premiums for policies of  
13          hurricane property insurance serviced by each  
14          servicing facility to the total amount of the  
15          fund's gross direct written premiums for policies  
16          of hurricane property insurance, in each case,  
17          during the twelve months ending at the start of  
18          the month preceding the month in which the  
19          covered event occurs. Assessments made under  
20          this subparagraph and those under subparagraph  
21          (A) in a year in which a covered event has

1 occurred are due from each insurer based on  
2 assessment procedures established by the fund to  
3 meet its obligations to policyholders in a timely  
4 manner; and

5 (C) ~~[The fund may exempt]~~ Exempt or defer, in whole  
6 or in part, the assessment of any insurer if the  
7 assessment would cause the insurer's financial  
8 statement to reflect amounts of capital or  
9 surplus less than the minimum amounts required  
10 for a certificate of authority in this State;

11 (9) Develop a program of incentives to encourage insurers  
12 to provide policies of hurricane property insurance  
13 ~~[in the event the commissioner authorizes the~~  
14 ~~provision of comparable insurance pursuant to section~~  
15 ~~431P-10(b) which]~~ that may include but are not limited  
16 to exemption of the insurer's gross direct written  
17 premium for property insurance from the assessment  
18 pursuant to paragraph (8) (A);

19 ~~[(10) Develop a credit based on the difference between~~  
20 ~~premiums written in 1993 and the premiums written in~~



1           ~~1992 by each property insurer against the assessment~~  
2           ~~for gross direct written premiums written in 1993;~~  
3       ~~(11)]~~ (10)   Develop procedures regarding policies written by  
4           unauthorized insurers comparable to the assessments,  
5           surcharges, and other contributions made by insurers  
6           authorized to do business in this State;  
7       ~~[(12)]~~ (11)   Accumulate reserves or funds, including the  
8           investment income thereon, to be used for paying  
9           expenses, making or repaying loans or other  
10          obligations of the fund, providing loss mitigation  
11          incentives, and paying valid claims for covered events  
12          insured by the fund;  
13       ~~[(13)]~~ (12)   Collect and maintain statistical and other data  
14          as may be required by the commissioner;  
15       ~~[(14)]~~ ~~Exempt mortgage transactions from payments of the~~  
16          ~~special mortgage recording fee and provide for maximum~~  
17          ~~limits on or, uniform reduction of the special~~  
18          ~~mortgage recording fee, pursuant to rules adopted by~~  
19          ~~the board;~~  
20       ~~(15)~~   ~~Suspend or reactivate the special mortgage recording~~  
21          ~~fee pursuant to resolution of the board;~~

1       ~~(+16+)~~ (13)   Impose fines for each incident of nonpayment of  
2                   amounts due to the fund under this chapter; provided  
3                   that the fines shall not exceed twenty-five per cent  
4                   of the amount then due;

5       ~~(+17+)~~ (14)   Create loss mitigation incentives, including but  
6                   not limited to premium credits, premium rebates,  
7                   loans, or cash payments;

8       ~~(+18+)~~ (15)   Enter into claims financing transactions,  
9                   including but not limited to reinsurance transactions,  
10                  debt transactions, and other transactions  
11                  incorporating elements of reinsurance, insurance,  
12                  debt, or equity;

13       ~~(+19+)~~ (16)   Establish business and corporate entities or  
14                   organizations pursuant to the purposes of this  
15                   chapter; ~~[and]~~

16       (17)   Receive for deposit into separate accounts within the  
17                  hurricane reserve trust fund established pursuant to  
18                  section 431P-16 revenues received from any fee revenue  
19                  authorized by the legislature for deposit into the  
20                  hurricane relief trust fund, and any other source of  
21                  revenue available to the board;





1        (18) Notwithstanding any law to the contrary, loan funds to  
2        the Hawaii property insurance association established  
3        under section 431:21-103; and

4        ~~[(+20)]~~ (19) Perform any and all acts reasonably necessary to  
5        carry out the purposes of this chapter."

6        SECTION 12. Section 431P-5.5, Hawaii Revised Statutes, is  
7        amended as follows:

8        1. By amending subsection (a) to read:

9        "(a) Upon written confirmation from the ~~[insurance]~~  
10       commissioner that the director ~~[of finance]~~ has secured  
11       \$500,000,000, in the aggregate, in the form of:

12       (1) Commitments from either the federal government or an  
13       agency of the federal government or a financial  
14       institution;

15       (2) Revenue bonds other than those issued or to be issued  
16       in response to the occurrence of a covered event; or

17       (3) A combination of the commitments or bonds~~[+]~~ ,

18       the Hawaii hurricane relief fund shall~~[+]~~

19       ~~+(1) Control]~~ control or freeze rates~~[+]~~ and

20       ~~[(+2) Continue]~~ continue accumulating premiums from policies  
21       of hurricane property insurance ~~[and the special~~



1           ~~mortgage recording fee~~], net of any reinsurance  
2           payments, operating expenses, and funds necessary for  
3           the development of a comprehensive loss reduction  
4           plan."

5           2. By amending subsections (c) and (d) to read:

6           "(c)   ~~[In the event of]~~ If a loss from a covered event~~[7]~~  
7           occurs, the net moneys accumulated shall be used to settle  
8           claims and pay current and ongoing expenses of the Hawaii  
9           hurricane relief fund. The net accumulated moneys, commitments,  
10          and bonds described in subsection (a) ~~[+2]~~ shall be used only  
11          ~~[in the event]~~ if losses from a covered event exceed the  
12          assessment pursuant to section 431P-5(b)(8)(B).

13          (d)   ~~[In the event]~~ If the balance of the net accumulated  
14          moneys falls below \$400,000,000, the Hawaii hurricane relief  
15          fund shall establish rates, subject to the approval of the  
16          ~~[insurance]~~ commissioner, necessary to replenish the account  
17          balance to \$500,000,000, as promptly as reasonably practicable.  
18          The director ~~[of finance]~~ shall seek to arrange additional  
19          commitments whenever the account balance falls below  
20          \$400,000,000."



1 SECTION 13. Section 431P-7, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) The plan of operation [~~shall~~]:

4 (1) [~~Establish~~] Shall establish procedures for performance  
5 of all powers and duties of the fund;

6 (2) [~~Establish~~] Shall establish procedures for providing  
7 notice to all persons with interests insurable by the  
8 fund in the State of the type of insurance available  
9 from the fund [~~in the event~~] if the fund offers  
10 insurance;

11 (3) [~~Provide~~] Shall provide for and adopt all necessary  
12 forms, including insurance policies to be used by and  
13 on behalf of the fund, for use by the fund and  
14 servicing facilities;

15 (4) [~~Adopt~~] Shall adopt actuarially sound rates, based on  
16 reasonable assumptions relative to expectations of  
17 hurricane frequency and severity, to be charged for  
18 insurance provided by the fund, in accordance with  
19 article 14 of chapter 431;

20 (5) [~~Publish~~] Shall publish manuals of rules, rates, and  
21 rating and classification plans, which shall address



1 mandatory deductibles, limits of coverage, and the  
2 classification of risks and rate modifications based  
3 on the exposure of insureds[+], subject to the  
4 approval of the commissioner;

5 (6) [~~Establish~~] Shall establish procedures for receiving  
6 and servicing applications to the fund;

7 (7) [~~Establish~~] Shall establish procedures for processing  
8 and maintaining records of the fund relating to its  
9 financial transactions, its agents, its employees, its  
10 operations, and all transactions with any servicing  
11 facility;

12 (8) [~~Establish~~] Shall establish procedures for the  
13 collection and remittance of the premiums and return  
14 of unearned premiums where applicable;

15 (9) [~~Establish~~] Shall establish procedures for the payment  
16 of valid claims;

17 (10) [~~Establish~~] Shall establish procedures for prorating  
18 available funds pursuant to section 431P-15;

19 (11) [~~Establish~~] Shall establish procedures for obtaining  
20 reinsurance;



- 1       (12)   ~~[Establish]~~ Shall establish procedures to borrow  
2           funds; ~~[and]~~
- 3       (13)   ~~[Develop]~~ Shall develop a plan for the investment of  
4           moneys held by the fund ~~[subject to the limitations in~~  
5           ~~article 6 of chapter 431.]~~;
- 6       (14)   Shall require, prior to issuance or renewal of  
7           coverage, the applicant for condominium insurance  
8           coverage or renewal to:
- 9           (A) Cause to be completed an inspection of the  
10           applicable condominium; provided that the  
11           inspection shall be consistent with any  
12           inspection and reporting standards established by  
13           the board and incorporated into the plan of  
14           operation; and
- 15           (B) Satisfy any relevant requirements established by  
16           the board and incorporated into the plan of  
17           operation; and
- 18       (15)   May prohibit coverage under this chapter for any  
19           high-rise condominium for which the fund or its  
20           servicing entities or any agents thereof have  
21           identified maintenance issues materially affecting the



1           insurability of the high-rise condominium for  
2           hurricane property insurance."

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

5           "**§431P-10 Coverage available from the fund; deductible.**

6   ~~[(a)—Policies]~~ Coverage limits and deductibles for policies  
7 issued by the fund covering eligible property shall ~~[provide a~~  
8 ~~maximum aggregate coverage of up to \$750,000 per risk on real~~  
9 ~~property of one to four units used for residential purposes and~~  
10 ~~\$500,000 per risk for real property used for business,~~  
11 ~~commercial, or industrial purposes and shall provide for a~~  
12 ~~mandatory deductible. The deductible amount for residential~~  
13 ~~property policies shall be the greater of \$1,000 or one per cent~~  
14 ~~of the insured value or the greater of \$2,000 or two per cent of~~  
15 ~~the insured value; provided that the board may establish higher~~  
16 ~~deductible limits. The deductible amount for commercial~~  
17 ~~property policies shall be the greater of \$5,000 or five per~~  
18 ~~cent of the insured value or an amount equivalent to all the~~  
19 ~~other perils deductible of the companion policy; provided that~~  
20 ~~the board may establish higher deductible limits.~~



~~(b) Insurers seeking to provide multi peril coverage for residential property, including multi peril coverage of the hurricane peril, subject to the fund's program for incentives and credits, shall submit to the commissioner a written request for permission to write the coverage; provided that in the absence of such authorization, no other policy of residential property insurance or endorsement to a policy of residential property insurance on eligible residential property located in this State shall be issued to provide insurance for damages or losses caused by a covered event if such coverage is less than that offered by the fund. If multi peril coverage on commercial property is no longer being offered by the fund, any multi peril coverage on commercial property offered by an insurer shall qualify as a comparable coverage under section 431P-5(b)(8)(A). Multi peril coverage on residential property which [includes] coverage for hurricane losses offered by an insurer shall qualify as a comparable coverage under section 431P-5(b)(8)(A).]~~  
be established in the plan of operation, subject to approval by the commissioner."

SECTION 15. Section 431P-11, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:



1       "(b)    [The] Except for:

2       (1)   Applicants who are otherwise able to procure hurricane  
3       property insurance from insurers authorized to  
4       transact business in the State; and

5       (2)   Properties that are deemed ineligible pursuant to the  
6       plan of operation,

7   the fund shall not deny any application for hurricane property  
8   insurance on any property eligible under subsection (a)."

9       SECTION 16.   Section 431P-16, Hawaii Revised Statutes, is  
10   amended to read as follows:

11       "**§431P-16   Establishment of trust funds.**   (a)   The fund  
12   shall establish outside the state treasury a hurricane reserve  
13   trust fund and any accounts thereunder and any other trust fund  
14   or account necessary to carry out the purposes of this chapter.  
15   Moneys deposited in the hurricane reserve trust fund and any  
16   accounts thereunder or any other trust fund or account shall be  
17   held by the fund, as trustee, in a depository as defined in  
18   section 38-1 or according to a similar arrangement at the  
19   discretion of the board, including, but not limited to, trust or  
20   custodial accounts created for the benefit of the fund's secured  
21   parties under contractual claims financing arrangements.   These





1 moneys may be invested and reinvested in accordance with the  
2 plan of operation. Disbursements from the trust funds shall not  
3 be subject to chapter 103D and shall be made in accordance with  
4 procedures adopted by the board.

5 ~~[(b) The hurricane reserve trust fund shall receive~~  
6 ~~deposits of the special mortgage recording fee established by~~  
7 ~~this chapter. Except as determined by board order, the special~~  
8 ~~mortgage recording fee shall be imposed on each mortgage and~~  
9 ~~each amendment to a mortgage which, in each case, increases the~~  
10 ~~principal amount of the secured debt and which is recorded in~~  
11 ~~the bureau of conveyances of the State under chapter 502 or~~  
12 ~~filed with the assistant registrar of the land court of the~~  
13 ~~State under chapter 501.~~

14 ~~The special mortgage recording fee shall be an amount equal~~  
15 ~~to one-tenth of one per cent of the stated principal amount of~~  
16 ~~the debt secured by the mortgage or, in the case of an amendment~~  
17 ~~or refinancing of a mortgage, an amount equal to one-tenth of~~  
18 ~~one per cent of the amount of the increase of the stated~~  
19 ~~principal amount of the secured debt; provided that the board~~  
20 ~~may establish a lower special mortgage recording fee amount~~  
21 ~~pursuant to section 431P-5(b)(14). With respect to an open end~~

1 ~~revolving loan, the principal amount of the debt on which the~~  
2 ~~special mortgage recording fee is calculated shall be the~~  
3 ~~maximum amount which may be outstanding under the loan at any~~  
4 ~~one time. With respect to a mortgage securing a nonmonetary or~~  
5 ~~inchoate obligation, the principal amount of the debt on which~~  
6 ~~the special mortgage recording fee is calculated shall be the~~  
7 ~~monetary amount which the mortgagee attributes to the~~  
8 ~~obligation. If the debt is stated in a foreign currency, it~~  
9 ~~shall be converted to U.S. dollars using an exchange rate~~  
10 ~~published in a newspaper of general circulation in this State~~  
11 ~~within one week prior to recordation of the mortgage or~~  
12 ~~amendment of mortgage.~~

13 ~~The special mortgage recording fee shall be in addition to~~  
14 ~~any applicable fees under chapter 501 or 502. The special~~  
15 ~~mortgage recording fee shall be submitted to and collected by~~  
16 ~~the bureau of conveyances or the assistant registrar of the land~~  
17 ~~court of the State and shall be deposited into the hurricane~~  
18 ~~reserve trust fund. The special mortgage recording fee shall be~~  
19 ~~submitted at the time the mortgage or amendment of mortgage is~~  
20 ~~recorded together with any related forms or certifications~~



1 ~~required by the bureau of conveyances or the assistant registrar~~  
2 ~~of the land court of the State.~~

3       ~~(e)]~~ (b) The Hawaii hurricane relief fund ~~[shall]~~ may  
4 implement the assessments of all property and casualty insurers  
5 ~~[as]~~ authorized by section 431P-5(b)(8)(A) and (B) and the  
6 proceeds from the assessments shall be deposited into the  
7 hurricane reserve trust fund or into trust or custodial  
8 accounts, created for the benefit of the fund's secured parties,  
9 that are held inside or outside the hurricane reserve trust  
10 fund~~[-]~~; provided that after December 31, 2025, all proceeds  
11 realized from the collection of the assessments shall be  
12 deposited into a separate trust account within the hurricane  
13 reserve trust fund.

14       ~~[(d)]~~ (c) If the Hawaii hurricane relief fund offers to  
15 issue policies of hurricane property insurance, the premiums for  
16 the policies shall be deposited into the hurricane reserve trust  
17 fund.

18       ~~[(e)]~~ (d) After each covered event, if the board  
19 determines that the moneys in the hurricane reserve trust fund,  
20 excluding moneys determined by the board to be needed to  
21 continue fund operations following the covered event, will be



1 insufficient to pay claims and other obligations of the fund  
2 arising out of that covered event, the Hawaii hurricane relief  
3 fund shall levy a surcharge not to exceed seven and one-half per  
4 cent a year on premiums charged for all property and casualty  
5 insurance policies issued for risks insured in this State.  
6 These moneys may be deposited into the hurricane reserve trust  
7 fund or into trust or custodial accounts created for the benefit  
8 of the fund's secured parties that are held inside or outside  
9 the hurricane reserve trust fund. The surcharge shall remain in  
10 effect until all claims and other obligations of the fund,  
11 including but not limited to claims under fund policies of  
12 hurricane property insurance, claims financing transactions,  
13 bonds, notes, and other obligations arising out of that covered  
14 event have been fully discharged. The amount and reason for any  
15 surcharge made pursuant to this subsection shall be separately  
16 stated on any billing sent to an insured. The surcharge shall  
17 not be considered premiums for any other purpose including the  
18 computation of gross premium tax or the determination of  
19 producers' commissions. The fund may establish procedures for  
20 insurers to collect the surcharge from customers who hold  
21 property or casualty policies.



1        [~~(f)~~] (e) Any proceeds, experience refunds, or other  
2 return funds under reinsurance shall be deposited into the  
3 hurricane reserve trust fund.

4        [~~(g)~~] (f) Any proceeds from loans or other moneys from the  
5 federal government, any proceeds from bonds issued pursuant to  
6 this chapter loaned by the director to the Hawaii hurricane  
7 relief fund, any revenues derived from the temporary recording  
8 fee pursuant to section 431P-B, and other moneys as the State  
9 may make available from time to time shall be deposited into  
10 separate accounts of the hurricane reserve trust fund.

11        [~~(h)~~] (g) Moneys in the hurricane reserve trust fund or in  
12 trust or custodial accounts, created for the benefit of the  
13 fund's secured parties, shall be expended by the Hawaii  
14 hurricane relief fund or its authorized designee and used solely  
15 for the purposes of this chapter.

16        [~~(i)~~] (h) Moneys in the hurricane reserve trust fund may  
17 be disbursed upon dissolution of the Hawaii hurricane relief  
18 fund; provided that:

19        (1) The net moneys in the hurricane reserve trust fund  
20                shall revert to the state general fund after payments  
21                by the fund on behalf of licensed property and

casualty insurers or the State that are required to be made pursuant to any federal disaster insurance program enacted to provide insurance or reinsurance for hurricane risks are completed; and

(2) If [~~such~~] the moneys are paid on behalf of licensed property and casualty insurers, payment shall be made in proportion to the premiums from policies of hurricane property insurance serviced by the insurers in the twelve months prior to dissolution of the fund[+]

~~provided that all interest earned from the principal in the hurricane reserve trust fund shall be transferred and deposited into the general fund each year that the hurricane reserve trust fund remains in existence]."~~

SECTION 17. Section 501-23.5, Hawaii Revised Statutes, is amended to read as follows:

"§501-23.5 Disposition of fees received at the bureau of conveyances. Notwithstanding any other law to the contrary, of the fees received at the bureau of conveyances, the registrar of conveyances shall deposit to the credit of the state general fund \$18 for each document recorded and shall deposit the

1 remaining balance and all fees other than the [~~special mortgage~~  
2 ~~recording fee established pursuant to section 431P-16~~] temporary  
3 recording fee established pursuant to section 431P-B and  
4 conveyance tax collected pursuant to section 247-1 to the credit  
5 of the bureau of conveyances special fund established under  
6 section 502-8."

7 SECTION 18. Section 502-25, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) Notwithstanding any other law to the contrary, of the  
10 fees received at the bureau of conveyances, the registrar of  
11 conveyances shall deposit to the credit of the state general  
12 fund \$18 for each document recorded and shall deposit the  
13 remaining balance and all fees other than the [~~special mortgage~~  
14 ~~recording fee established pursuant to section 431P-16~~] temporary  
15 recording fee established pursuant to section 431P-B and  
16 conveyance tax collected pursuant to section 247-1 to the credit  
17 of the bureau of conveyances special fund established under  
18 section 502-8."

19 PART IV



1       SECTION 19. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4                               "CHAPTER  
5                               FINANCING FOR CONDOMINIUMS  
6                               PART I. DIRECT FINANCING

7       § -1 Definitions. As used in this chapter, unless the  
8 context clearly requires otherwise:

9       "Authority" means the Hawaii green infrastructure authority  
10 as established under section 196-63.

11       "Community development financial institution" means an  
12 entity certified as a community development financial  
13 institution by the United States Department of the Treasury's  
14 Community Development Financial Institutions Fund.

15       "Condominium association" has the same meaning as  
16 association as defined in section 514B-3.

17       "Condominium project" has the same meaning as project as  
18 defined in section 514B-3.

19       "Financial institution" includes a bank, trust company,  
20 banking association, savings and loan association, mortgage





1 company, investment bank, credit union, or nontraditional  
2 financial institution.

3 "Loan" includes a line of credit.

4 "Participating community development financial institution"  
5 means a community development financial institution  
6 participating in the condominium loan loss reserves program.

7 "Qualified condominium association" means a condominium  
8 association that meets the eligibility requirements under  
9 section -6 and rules adopted by the authority.

10 "Reserve account" means an account established in a  
11 participating community development financial institution on  
12 approval of the authority in which money is deposited to serve  
13 as a reserve to reimburse a participating community development  
14 financial institution for losses on loans enrolled in the  
15 condominium loan loss reserves program.

16 § -2 Powers; rulemaking. In addition to any other  
17 powers authorized by law, the authority may:

18 (1) Contract with any community development financial  
19 institution for services, including servicing or  
20 administering loans pursuant to this part; and



1           (2) Adopt rules pursuant to chapter 91 to effectuate this  
2           chapter, including but not limited to rules relating  
3           to:

4           (A) Determinations of any other maintenance or  
5           repairs that qualify for financing or refinancing  
6           under this chapter;

7           (B) The establishment of interest rates chargeable by  
8           the authority for direct loans under this part  
9           and by the participating community development  
10          financial institutions for loans under part II;

11          (C) The establishment of restrictions on the terms,  
12          maturities, collateral, and other requirements  
13          not inconsistent with this part;

14          (D) Procedures for validating a qualified condominium  
15          association's compliance with the obligation to  
16          increase its replacement reserves balance;

17          (E) Determinations of eligibility of a community  
18          development financial institution to participate  
19          in the condominium loan loss reserves program;

20          (F) Eligibility participation criteria for loans  
21          issued by an eligible community development



1 financial institution to a qualified condominium  
2 association; and

3 (G) The authorization of a single community  
4 development financial institution or a consortium  
5 of community development financial institutions  
6 to participate in the condominium loan loss  
7 reserves program subject to condominium loan loss  
8 reserves program guidelines.

9 § -3 Condominium loan program. There is established  
10 within the authority the condominium loan program to provide  
11 qualified condominium associations with low-cost financing, or  
12 refinancing for loans previously obtained, for maintenance or  
13 repair projects in accordance with this part.

14 § -4 Condominium loan revolving fund. (a) There is  
15 established in the state treasury the condominium loan revolving  
16 fund, into which shall be deposited:

17 (1) Moneys received as repayment of loans and interest  
18 payments as provided in this chapter;

19 (2) Appropriations made by the legislature to the  
20 condominium loan revolving fund; and



1 (3) All interest and investment earnings credited to the  
2 assets of the fund.

3 (b) Moneys in the condominium loan revolving fund shall be  
4 expended by the authority for:

5 (1) The purposes of providing loans and credit  
6 enhancements in accordance with this chapter; and

7 (2) Paying administrative costs of the condominium loan  
8 program.

9 § -5 Loans; limitations and conditions. (a) Loans  
10 under this chapter shall be for financing, or refinancing  
11 previous loans that were used for, the following maintenance or  
12 repairs in a condominium project:

13 (1) Installing, repairing, or replacing fire sprinklers or  
14 other fire safety measures;

15 (2) Repairing or replacing the pipes;

16 (3) Repairing or replacing the roof; or

17 (4) Any other maintenance or repairs the authority deems  
18 qualified for the loans.

19 (b) The loan agreement shall require that the qualified  
20 condominium association increase its replacement reserves fund  
21 balance over the term of the loan.



1 (c) Any loan provided under this chapter shall have a term  
2 of not more than twenty years. No new loan under this chapter  
3 shall be issued after June 30, 2027.

4 § -6 Loans; eligibility. The authority may make loans  
5 directly to a condominium association that has:

- 6 (1) Received at least one letter from a financial  
7 institution declining its eligibility for a loan to  
8 address maintenance or insurance coverage issues; and  
9 (2) Obtained full replacement property and hurricane  
10 insurance coverage or intends to do so as a condition  
11 of any financing received.

12 § -7 Annual reports. The authority shall submit a  
13 report to the legislature no later than twenty days prior to the  
14 convening of each regular session that details the progress of  
15 the condominium loan program, aggregate data on the loans issued  
16 under this part, and the balance of the condominium loan  
17 revolving fund.

18 § -8 Gifts and grants. The authority may accept gifts,  
19 grants, and donations from any source for the purposes of this  
20 chapter.

21 PART II. CREDIT ENHANCEMENT THROUGH LOAN LOSS RESERVES



1           §   -11   Condominium loan loss reserves program.   (a)

2   There is established within the authority the condominium loan  
3   loss reserves program to incentivize community development  
4   financial institutions, in accordance with this part, to provide  
5   loans at competitive rates and terms to condominium associations  
6   for the purpose of allowing condominium associations to perform  
7   maintenance or make necessary repairs.

8           (b)   The authority shall use moneys in the condominium loan  
9   revolving fund to make deposits into a participating community  
10   development financial institution's reserve account in an amount  
11   specified by this part to be a source of moneys the  
12   participating community development financial institution may  
13   receive as reimbursement for losses attributable to loans in the  
14   condominium loan loss reserves program.

15          §   -12   Participating community development financial  
16   institutions; reserve account.   (a)   To participate in the  
17   condominium loan loss reserves program, an eligible community  
18   development financial institution shall enter into a  
19   participation agreement with the authority that sets out the  
20   terms and conditions under which the authority will make  
21   contributions to the community development financial



1 institution's reserve account and specifies the criteria for a  
2 loan to qualify as a loan under this part.

3 (b) On approval by the authority and after a community  
4 development financial institution enters into a participation  
5 agreement with the authority, the authority shall establish a  
6 reserve account at a participating community development  
7 financial institution making a loan under this part and deposit  
8 an amount equal to five per cent of the original loan amount.  
9 The reserve account shall be used by the authority to cover any  
10 losses arising from a default of the loan made by the  
11 participating community development financial institution under  
12 this part or as otherwise provided by this part.

13 (c) When a participating community development financial  
14 institution makes a loan enrolled in the condominium loan loss  
15 reserves program, the participating community development  
16 financial institution shall pay to the authority a fee equal to  
17 fifty basis points of the amount deposited into the condominium  
18 loan revolving fund to support the loan, which the authority  
19 shall deposit into the reserve account, and annually thereafter.  
20 The participating community development financial institution  
21 may recover from the borrower all or part of the amount the



1 participating community development financial institution is  
2 required to pay under this subsection in any manner agreed to by  
3 the financial institution and borrower.

4 (d) For each loan under this part, the participating  
5 community development financial institution shall provide  
6 executed loan documents to the authority, within the period  
7 prescribed by the authority, including the amount of fees  
8 received from the borrower.

9 § -13 Loans. (a) Except as otherwise provided by this  
10 chapter, the authority shall determine the recipient, amount, or  
11 interest rate of a loan under this part or the fees or other  
12 requirements related to the loan.

13 (b) To qualify as a loan under this part, a loan shall:

14 (1) Be made to a condominium association that has:

15 (A) Received at least one letter from a financial  
16 institution declining the condominium  
17 association's eligibility for a loan to address  
18 maintenance or insurance coverage issues; and

19 (B) Obtained full replacement property and hurricane  
20 insurance coverage or intends to do so as a  
21 condition of any financing received;





1           (2) Meet the limitations and conditions under  
2           section     -5; and

3           (3) Meet other criteria established by the authority by  
4           rules adopted pursuant to chapter 91.

5           (c) For a line of credit to qualify for participation in  
6 the condominium loan loss reserves program, a line of credit  
7 shall:

8           (1) Be an account at a participating community development  
9           financial institution under which the community  
10          development financial institution agrees to lend money  
11          to a qualified condominium association from time to  
12          time to finance one or more projects that are  
13          authorized by this chapter; and

14          (2) Contain the same restrictions, to the extent possible,  
15          that are placed on a loan that is not a line of  
16          credit.

17          (d) A loan under this part may be sold on the secondary  
18 market under conditions as may be determined by the  
19 participating community development financial institution with  
20 the consent of the authority.



1 (e) When enrolling a loan in the condominium loan loss  
2 reserves program, a participating community development  
3 financial institution may specify an amount to be covered under  
4 the condominium loan loss reserves program that is less than the  
5 amount allowed under section -12(b).

6 § -14 Limitations on amounts retained in reserve  
7 accounts. The maximum aggregate amount the authority may retain  
8 on deposit in a reserve account shall not exceed five per cent  
9 of the aggregate outstanding principal balance of enrolled  
10 loans. On a regular basis, no less than annually, the authority  
11 shall withdraw from a reserve account the amounts in excess of  
12 the limit and deposit that amount into the condominium loan  
13 revolving fund. A withdrawal of money authorized under this  
14 section shall not reduce an active reserve account to an amount  
15 that is less than the aggregate amount allowed under this  
16 section.

17 § -15 State's rights with respect to reserve account.

18 (a) All of the money in a reserve account established under  
19 this part shall be the property of the State.

20 (b) The State shall be entitled to earn interest on the  
21 amount of contributions made by the authority, borrower, and



1 participating community development financial institution to a  
2 reserve account under this part. On a regular basis, no less  
3 than annually, the authority shall withdraw from a reserve  
4 account the amount of the interest earned by the State. The  
5 authority shall deposit the amount withdrawn under this section  
6 into the condominium loan revolving fund.

7 (c) The authority shall withdraw from the participating  
8 community development financial institution's reserve account  
9 the total amount in the account and any interest earned on the  
10 account and deposit the amount into the condominium loan  
11 revolving fund when:

12 (1) A participating community development financial  
13 institution is no longer eligible to participate in  
14 the condominium loan loss reserves program or a  
15 participation agreement entered into under this part  
16 expires without renewal by the authority or  
17 institution; and

18 (2) The participating community development financial  
19 institution has no outstanding loans under this part.

20 § -16 Participating community development financial  
21 institution's annual reports. A participating community



1 development financial institution shall submit an annual report  
2 to the authority. The report shall:

3 (1) Provide information regarding outstanding principal  
4 balances of the loans under this part, loan losses,  
5 and any other information on loans under this part the  
6 authority considers appropriate;

7 (2) Include a copy of the participating community  
8 development financial institution's most recent  
9 financial statement; and

10 (3) Include information regarding the condominium  
11 associations with loans under this part.

12 § -17 Authority's annual report; audits. (a) The  
13 authority shall submit to the legislature an annual status  
14 report on the condominium loan loss reserves program's  
15 activities.

16 (b) The condominium loan revolving fund shall be audited  
17 at least annually by a firm of independent certified public  
18 accountants selected by the authority and provide the results of  
19 the audit to the department of business, economic development,  
20 and tourism and the legislature.



1           §    -18 State liability prohibited. The State shall not  
2 be liable to a participating community development financial  
3 institution for payment of the principal, interest, or any late  
4 charges on a loan made by a participating community development  
5 financial institution to a qualified condominium association  
6 under this part."

7           SECTION 20. The director of finance is authorized to issue  
8 reimbursable general obligation bonds in the sum of \$20,000,000  
9 or so much thereof as may be necessary and the same sum or so  
10 much thereof as may be necessary is appropriated for fiscal year  
11 2025-2026 for deposit into the condominium loan revolving fund.

12           SECTION 21. There is appropriated out of the condominium  
13 loan revolving fund the sum of \$20,000,000 or so much thereof as  
14 may be necessary for fiscal year 2025-2026 to implement the  
15 condominium loan program.

16           The sum appropriated shall be expended by the Hawaii green  
17 infrastructure authority, on behalf of the department of  
18 business, economic development, and tourism, to carry out the  
19 purposes of this part; provided that the director of business,  
20 economic development, and tourism, upon the director's  
21 determination that it is advisable to transfer funds from the



1 condominium loan revolving fund, shall reimburse the general  
2 fund from principal and interest payments collected on loans  
3 issued by the authority, and any other funds available to the  
4 authority, for payment of debt service on reimbursable general  
5 obligation bonds authorized and issued under section 20 of this  
6 Act.

7 SECTION 22. There is appropriated out of the hurricane  
8 reserve trust fund the sum of \$5,000,000 or so much thereof as  
9 may be necessary for fiscal year 2025-2026 for deposit into the  
10 condominium loan revolving fund.

11 The sum appropriated shall be expended by the Hawaii green  
12 infrastructure authority on behalf of the director of business,  
13 economic development, and tourism, for payment of debt service  
14 on reimbursable general obligation bonds authorized and issued  
15 under section 20 of this Act.

16 PART V

17 SECTION 23. The director of finance is authorized to issue  
18 reimbursable general obligation bonds in the sum of \$30,000,000  
19 or so much thereof as may be necessary and the same sum or so  
20 much thereof as may be necessary is appropriated for fiscal year  
21 2025-2026 for deposit into the hurricane reserve trust fund;



1 provided that the existing fund balance in the hurricane reserve  
2 trust fund shall be committed before reimbursable general  
3 obligation bonds are deposited into the trust fund.

4 SECTION 24. There is appropriated out of the hurricane  
5 reserve trust fund the sum of \$30,000,000 or so much thereof as  
6 may be necessary for fiscal year 2025-2026 for the purpose of  
7 providing working capital to finance any permitted purpose under  
8 this Act.

9 The sum appropriated shall be expended by the department of  
10 commerce and consumer affairs for the purposes of this Act;  
11 provided that the insurance commissioner, upon the insurance  
12 commissioner's determination that it is advisable to transfer  
13 funds from the hurricane reserve trust fund, shall reimburse the  
14 general fund from premiums collected on insurance policies  
15 issued by the Hawaii hurricane relief fund, and any other funds  
16 available to the Hawaii hurricane relief fund, for payment of  
17 debt service on reimbursable general obligation bonds authorized  
18 and issued under section 23 of this Act.

19 PART VI

20 SECTION 25. (a) The insurance commissioner shall conduct  
21 a study to identify or develop a long-term solution to stabilize



1 the property insurance market in the State. The insurance  
2 commissioner shall include in the study:

- 3 (1) Recommendations for capitalizing the Hawaii property  
4 insurance association and Hawaii hurricane relief  
5 fund;
- 6 (2) Recommendations for monitoring the stability of the  
7 property insurance market in the State;
- 8 (3) A determination of the efficacy of the changes  
9 implemented pursuant to this Act;
- 10 (4) An evaluation of the feasibility of establishing a  
11 mutual or captive insurance model to address the  
12 affordability and availability of property insurance  
13 in the State, including solutions to address the needs  
14 of condominium associations and individual residential  
15 condominium property owners; and
- 16 (5) Recommendations on a mechanism to ensure that  
17 condominium properties are maintained and repaired in  
18 a timely manner to ensure that the condominium  
19 properties remain in insurable condition.

20 (b) The insurance commissioner shall submit reports of the  
21 insurance commissioner's findings and recommendations, including





1 any proposed legislation, to the legislature no later than  
2 twenty days prior to the convening of the regular sessions of  
3 2026 and 2027.

4 SECTION 26. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$100,000 or so much  
6 thereof as may be necessary for fiscal year 2025-2026 for the  
7 insurance commissioner to conduct a study pursuant to this part.

8 The sum appropriated shall be expended by the insurance  
9 division of the department of commerce and consumer affairs for  
10 the purposes of this part.

11 PART VII

12 SECTION 27. In codifying the new sections added by  
13 section 8, and referenced in sections 16, 17, and 18 of this  
14 Act, the revisor of statutes shall substitute appropriate  
15 section numbers for the letters used in designating the new  
16 sections in this Act.

17 SECTION 28. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 29. This Act shall take effect on July 1, 2025;  
20 provided that:

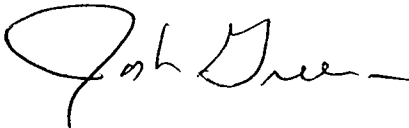


- 1       (1) The condominium loan revolving fund shall be abolished
- 2           on June 30, 2047;
- 3       (2) Any remaining balance in the condominium loan
- 4           revolving fund as of June 30, 2047, shall lapse to the
- 5           credit of the general fund; and
- 6       (3) Any moneys received after June 30, 2047, for the
- 7           repayment of loans under the condominium loan program,
- 8           including any interest on the loan principal, shall be
- 9           deposited into the general fund.



S.B. NO. 1044  
S.D. 2  
H.D. 2  
C.D. 1

APPROVED this 7th day of July, 2025

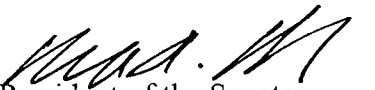
A handwritten signature in black ink, appearing to read "Josh Green", with a long horizontal stroke extending to the right.

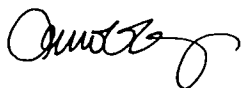
GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: April 30, 2025  
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate  
of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2025.

  
President of the Senate

  
Clerk of the Senate

SB No. 1044, SD 2, HD 2, CD 1

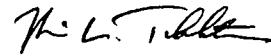
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.



Nadine K. Nakamura  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives