

ACT 153

H.B. NO. 2314

A Bill for an Act Relating to Insurance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 431P-10, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Upon the authorization of the commissioner, insurers may provide standard extended coverage endorsements[,] for residential property, including

coverage of hurricane risks, subject to the fund's program for incentives and credits; 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 standard extended coverage endorsements on commercial property are no longer being offered by the fund, any standard extended coverage endorsements on commercial property offered by an insurer shall qualify as a comparable coverage under section 431P-5(b)(8)(A). Standard extended coverage endorsements on residential property which include coverage for hurricane losses offered by an insurer shall qualify as a comparable coverage under section 431P-5(b)(8)(A).''

SECTION 2. The Hawaii hurricane relief fund's advisory committee shall study, at the fund's expense, the issue of hazard mitigation, including the providing of matching grants to policyholders who install mitigative devices. The study shall include whether the fund can achieve a hazard mitigation program without additional statutory authority. The study shall include an evaluation of the feasibility and pros and cons of a program in which:

- (1) The fund sets aside an annual amount equal to five per cent (or other more appropriate percentage determined by the study) of the amount remaining after deducting any outstanding liabilities from the hurricane reserve trust fund in an amount not less than \$700,000, and not more than \$5,000,000 (or other more appropriate amount as determined by the study), for the purpose of providing matching grants to policyholders under the fund who:
 - (A) Properly install fund-approved:
 - (i) Wind-resistive devices; or
 - (ii) Opening protection coverings for all plate and sliding glass openings larger than two by two feet that are installed along with sufficient single, double, and garage door retention devices, as applicable; and
 - (B) Pay any established fees to offset the administrative and sufficient marketing costs of the grant program; and
- (2) Each policyholder would be eligible to receive a grant up to \$3,500, matching dollar-for-dollar their expenditures under paragraph (1), with no minimum grant eligibility threshold.

For purposes of the study, the advisory committee shall assume that the grants would not be subject to chapter 91; and that the grant program would be extended to former fund policyholders when the number of policyholders falls below eighty per cent of the number of residential fund policyholders as of January 1, 2000.

The advisory committee shall submit its findings and recommendations, including:

- (1) Any proposed legislation, if necessary; and
- (2) Which hazard mitigation program will provide the most benefit to residential homeowners,

to the legislature no later than twenty days before the convening of the regular session of 2001.

SECTION 3. If the study finds that:

- (1) Legislative enactment is not necessary to enable this grant program;
- (2) It is feasible to implement the grants program; and
- (3) The pros of the grant program outweigh the cons,

ACT 153

then the study shall contain specific details on the implementation of the grant program.

. SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval, except that section 1 shall take effect retroactively to September 1, 1998.

(Approved May 31, 2000.)