



GOV. MSG. NO. 1132

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

May 5, 2015

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

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 5, 2015, the following bill was signed into law:

SB589 SD2 HD2

RELATING TO INSURANCE
ACT 032 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

[Handwritten signature]

15 MAY - 5 P 5:33

SENATOR RONALD D. KOUCHI

RECEIVED MAY 05 2015
@ 3:51 PM

RECEIVED
THE SENATE
CLERK'S OFFICE
STATE OF HAWAII

Approved by the Governor

on MAY 5 2015
THE SENATE
TWENTY-EIGHTH LEGISLATURE, 2015
STATE OF HAWAII

ACT 032
S.B. NO. 589
S.D. 2
H.D. 2

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that residents and
2 businesses in the Puna district on the island of Hawaii have
3 been severely impacted by the June 27, 2014, Puu Oo lava flow.
4 Part of the impact is due to the imposition of a moratorium on
5 the sale of new insurance policies in certain areas in the Puna
6 district.

7 Accordingly, the purpose of this Act is to allow some
8 homeowners who have had continuous insurance in lava zone areas
9 that the mayor of the county of Hawaii has declared to be in a
10 state of emergency to:

- 11 (1) Have those insurance policies renewed;
- 12 (2) Provide for continued insurance coverage for
13 homeowners who wish to sell their homes;
- 14 (3) Provide the opportunity for insurance coverage for new
15 buyers of an insured property; and
- 16 (4) Allow a homeowner who had no prior insurance to
17 purchase insurance coverage from the Hawaii Property



1 Insurance Association, with the effective date of the
2 coverage being no longer than six months from the date
3 of the offer.

4 The legislature notes that upon this Act's enactment, the
5 Hawaii Property Insurance Association will lift its moratorium.

6 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
7 amended by adding two new sections to article 10E to be
8 appropriately designated and to read as follows:

9 "§431:10E- Lava zone defined. As used in this article,
10 "lava zone" means a volcanic hazard zone identified by the
11 United States Geological Survey on the island of Hawaii.

12 §431:10E- Provisions for properties in lava zones in the
13 county of Hawaii. (a) Where the mayor of the county of Hawaii
14 has issued a proclamation declaring the existence of a state of
15 emergency due to the threat of imminent disaster from a lava
16 flow in a lava zone, the total number (rounded to the nearest
17 whole number) of property insurance policies that an insurer may
18 non-renew in a lava zone shall be limited for each calendar year
19 to five per cent of the total number of covered policies of the
20 insurer in force in that lava zone.



1 (b) Notwithstanding subsection (a), an insurer may cancel
2 or non-renew a property insurance policy where:

3 (1) Premium payments for the policy are not made after
4 reasonable demand therefor; or

5 (2) The commissioner determines the financial soundness of
6 the insurer would be impaired."

7 SECTION 3. Chapter 431, Hawaii Revised Statutes, is
8 amended by adding a new section to article 21 to be
9 appropriately designated and to read as follows:

10 "§431:21- Issuance of new policies; removal of
11 moratorium. If residential property insurance is unavailable
12 due to a moratorium on the issuance of policies on property
13 situated in lava zones where the mayor of the county of Hawaii
14 has issued a proclamation declaring a state of emergency exists
15 due to the threat of imminent disaster from a lava flow, the
16 association shall remove its moratorium. Upon the moratorium's
17 removal, the association shall offer new policies and may
18 provide a waiting period of no longer than six months for the
19 policy coverage to take effect; provided that the residential
20 property in the lava zone does not have current insurance."

