
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."

- 1 SECTION 4. New statutory material is underscored.
- 2 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Property Insurance; Hawaii Property Insurance Association;
Policies; Non-renewal; Lava Zone; State of Emergency; Moratorium

Description:

Specifies the total percentage of property insurance policies that an insurer may non-renew in a lava zone during a state of emergency due to lava flow in that lava zone, with specific exceptions. Specifies that if residential property insurance is unavailable due to a moratorium on insurance policies in a lava zone during a state of emergency due to lava flow, the Hawaii Property Insurance Association shall remove its moratorium; requires the Hawaii Property Insurance Association to offer new policies and provide a maximum waiting period of six months for the policy coverage to take effect after the moratorium is removed. (SB589 HD2)

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