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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO CONDUCT A FEASIBILITY  
STUDY RELATING TO INSURANCE POLICIES AND PREMIUMS FOR  
PROPERTIES THAT ARE CURRENTLY LOCATED WITHIN LAVA ZONES ON  
THE ISLAND OF HAWAII.

1           WHEREAS, on the island of Hawaii, premiums for homeowners  
2 and fire insurance policies are subject to assumed risks  
3 assigned to areas described by the United States Geological  
4 Survey, a federal agency, as "lava zones"; and  
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6           WHEREAS, the United States Geological Survey developed lava  
7 zone maps for the island of Hawaii solely for that agency's use  
8 and to define different volcanic activities for geological  
9 purposes; and  
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11           WHEREAS, although the Civil Defense Agency, County of  
12 Hawaii, received permission to use the lava zone maps for its  
13 use and planning, lava zone maps were never intended to be used  
14 by private entities, including those in the insurance industry;  
15 and  
16

17           WHEREAS, there has not been any volcanic eruption activity  
18 in the populated areas of Lava Zone 1, which is located in the  
19 Puna District of the County of Hawaii, for over four hundred  
20 years; and  
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22           WHEREAS, homeowner and fire insurance policies in Lava Zone  
23 1 are written only by the Hawaii Property Insurance Association  
24 or through Lloyd's of London; and  
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26           WHEREAS, premiums for the insurance policies in Lava Zone 1  
27 are three to four times higher than premiums in other areas and  
28 cannot be supported or justified by loss history; and  
29



1 WHEREAS, the Hawaii Property Insurance Association has set  
2 excessively high premiums for Lava Zone 1 risks, which has the  
3 apparent consequence of covering losses that are not attributed  
4 to Lava Zone 1; and

5  
6 WHEREAS, there has never been a loss in Lava Zone 1  
7 attributed directly to volcanic activity and insurance profits  
8 are being generated as a result of questionable practices; and

9  
10 WHEREAS, the inability to secure reasonable fire insurance  
11 severely impacts mortgage financing, which adversely affects the  
12 property values for all risks in Lava Zone 1; and

13  
14 WHEREAS, the creation of homeowners and dwelling insurance  
15 policies based on the Lava Zone 1 map discriminates against the  
16 community of Leilani Estates because Leilani Estates bears  
17 ninety-five per cent or more of all risks in Lava Zone 1; and

18  
19 WHEREAS, it may be appropriate for insurance policies and  
20 premiums to be based on actuarial loss studies and not on  
21 unrelated scientific studies and reports; and

22  
23 WHEREAS, although insurance companies decline to write  
24 policies in a very small area that was designated as a "lava  
25 zone" solely for scientific purposes, the companies continually  
26 write dwelling and fire insurance policies throughout the United  
27 States in areas where hurricanes, tornadoes, earthquakes,  
28 wildland fires, and other natural disasters occur at the cost of  
29 millions of dollars of losses on an annual basis; now,  
30 therefore,

31  
32 BE IT RESOLVED by the House of Representatives of the  
33 Twenty-ninth Legislature of the State of Hawaii, Regular Session  
34 of 2017, the Senate concurring, that the Insurance Commissioner  
35 is requested to conduct a feasibility study relating to  
36 insurance policies and premiums for properties that are  
37 currently located within lava zones on the island of Hawaii; and



# H.C.R. NO. 74

1 BE IT FURTHER RESOLVED that the Legislature requests that  
2 the study evaluate whether insurance companies should be:

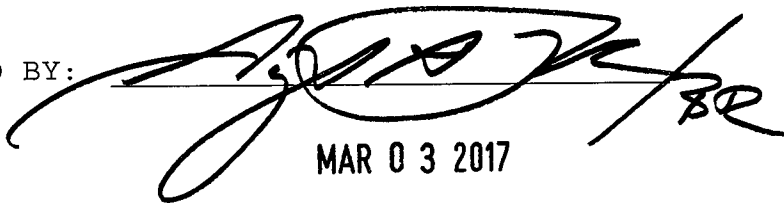
3  
4 (1) Required to base homeowner and dwelling fire insurance  
5 policies and rates on actuarial studies of losses  
6 based on historical data for the areas where the homes  
7 and dwellings are located; and

8  
9 (2) Prohibited from basing homeowner and dwelling fire  
10 insurance policies and rates on maps, reports,  
11 studies, or evaluations that have been conducted  
12 strictly for scientific or civil defense purposes; and

13  
14 BE IT FURTHER RESOLVED that the Insurance Commissioner is  
15 requested to prepare a report that includes the feasibility  
16 study's findings and recommendations and submit the report to  
17 the Legislature no later than twenty days before the convening  
18 of the Regular Session of 2018; and

19  
20 BE IT FURTHER RESOLVED that certified copies of this  
21 Concurrent Resolution be transmitted to the Insurance  
22 Commissioner, the Governor, and the Mayor of the County of  
23 Hawaii.

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26 OFFERED BY:

  
MAR 03 2017

