RELATING TO HURRICANE PREPAREDNESS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. The legislature finds that Hawaii is susceptible to property loss due to hurricanes, tropical storms, and strong winds. The best long-term solution to reducing potential damage is the statewide use of wind resistive devices. The legislature also finds that residents in this State must inspect, repair, and reinforce their residences every year to prepare for the possibility of a hurricane making landfall. The inspection, repair, and reinforcement of their residences consume needed resources from homeowners' budgets but result in homeowners having more hurricane-resistant residences. This, in turn, contributes to reduced hurricane damage repair costs and may qualify homeowners for much-needed hurricane insurance premium credits.

The legislature desires to establish a program to provide grants to certain property owners for the installation of wind resistive devices, approved by the insurance commissioner, that will lessen the severity of property loss from strong winds.
The legislature finds that the program will serve a public purpose by protecting the health, safety, and welfare of Hawaii residents. The installation of wind resistive devices will help reduce the incidence and severity of personal injury and property damage in the event of a hurricane, thereby preserving human life and property values and minimizing disruptions to the State's economy, business activity, and delivery of public services. The program will also serve the public purpose of stimulating economic growth and activity in the State by creating business and employment opportunities for the sale and installation of wind resistive devices.

The legislature finds that the hurricane reserve trust fund was part of a "new, creative, and flexible" mechanism to provide hurricane insurance to Hawaii residents in the aftermath of Hurricane Iniki. See Act 339, Session Laws of Hawaii 1993. After its inception, the fund helped stabilize Hawaii's weak hurricane insurance market, yielded the hurricane insurance market to the private sector, and entered a state of dormancy ready to be reactivated when needed.

The legislature also finds that the fund has assets that currently generate approximately $3,000,000 dollars annually in
interest, which is deposited into the general fund for
unrestricted use.

The purpose of this bill is to continue to develop new,
creative, and flexible mechanisms that will increase hurricane
preparedness in Hawaii. This Act allocates a portion of the
moneys earned through interest from the fund's assets to provide
grants under a safe home program. This program will financially
assist qualified homeowners with the installation of approved
wind resistive devices for hurricane preparedness of their
homes.

SECTION 2. Chapter 431P, Hawaii Revised Statutes, is
amended by adding a new part to be appropriately designated and
to read as follows:

"PART SAFE HOME PROGRAM
§431P-A Definitions. As used in this part:
"Mitigation" means actions undertaken to reduce losses that
may result from a hazard.
"Wind resistive devices" means devices and techniques, as
identified and determined in accordance with section 431P-F(b),
that increase a building's or structure's resistance to damage
from wind forces.
§431P-B Establishment of safe home program. (a) The commissioner shall develop and implement a program to be designated as the safe home program and to encourage the installation of wind resistive devices. The program may award matching or nonmatching grants to eligible applicants based upon the availability of funds.

(b) This part does not create an entitlement for property owners or obligate the State in any way to fund the inspection or retrofitting of residential property in the State.

§431P-C Safe home program trust fund. (a) There is established a special fund to be designated as the safe home program trust fund. Moneys transferred to the safe home program trust fund may be expended by the commissioner to carry out the commissioner's duties and obligations under this part.

(b) The safe home program trust fund may be used by the commissioner to make grants authorized under this part. Matching and nonmatching grants awarded under section 431P-E from the safe home program trust fund shall not be subject to chapter 42P, 91, 103D, or 103F.

(c) The safe home program trust fund may also be used by the commissioner to pay for any administrative, personnel, operational, and marketing costs associated with the program.
(d) Upon termination of the safe home program, any balances in the safe home program trust fund will be reverted to the general fund.

§ 431P-D Eligibility for safe home program. (a) To be eligible for the program, a residential property must be:

(1) The applicant's primary legal residence;
(2) Owned and occupied by the applicant;
(3) A single-family, owner-occupied residential property; and
(4) A residential property covered by a current homeowners or dwelling insurance policy that:
   (A) Is issued by an insurer licensed in the State or a surplus lines insurer, where the policy is lawfully placed by a broker authorized to do business in the State; and
   (B) Provides insurance coverage of the residential property equal to or greater than the fair market value of the residential property.

§ 431P-E Matching and nonmatching grants. (a) The commissioner may award matching or nonmatching grants based upon the availability of funds.
(b) To be eligible for a nonmatching grant award, the applicant must have an annual adjusted gross household income that does not exceed eighty per cent of the median annual adjusted gross income for households within the county in which the person or family resides, as determined by the applicant's most recent federal income tax return. The nonmatching grant award shall not exceed $6,500.

(c) An applicant with an annual adjusted gross household income that exceeds eighty per cent of the median annual adjusted gross income for households within the county in which the person or family resides, as determined by the applicant's most recent federal income tax return, may be eligible for a matching grant award. The matching grant award shall not exceed $5,200 and must be matched on a dollar-for-dollar basis by the applicant.

(d) The commissioner shall issue an annual bulletin that sets forth the maximum grant award amounts based on the total annual adjusted gross household income of the applicant and adjusted for family size relative to the county area median income or the state median family income, whichever is higher, as published annually by the United States Department of Housing and Urban Development.
(e) Any grant issued by the program shall not exceed a total of $5,200 for matching grants, and a total of $6,500 for nonmatching grants. Any cost of the mitigation project that exceeds the amount of the grant award shall be the responsibility of the applicant.

§431P-F Standards for the award of grants. (a) Subject to the availability of funds and the standards in this part, grants for wind resistive devices shall be awarded by the commissioner:

(1) On a first-come, first-served basis, as determined by the commissioner; and

(2) For a wind resistive device or devices installed only in a single-family residential dwelling.

(b) Grants shall be awarded for the installation of the following:

(1) Roof deck attachment;

(2) Secondary water barrier;

(3) Roof covering;

(4) Brace gable ends;

(5) Reinforced roof-to-wall connections;

(6) Opening protection;

(7) Exterior doors, including garage doors;
(8) Tie downs;

(9) Improvements that mitigate problems associated with weakened trusses, studs, and other structural components; and

(10) Any other wind resistive devices approved by the commissioner.

The commissioner, in the commissioner's sole discretion, may amend, narrow, or expand by rule the definitions, descriptions, specifications, and requirements of the wind resistive devices.

(c) In addition, a grant may be made to an applicant only if the applicant has:

(1) Undergone an acceptable wind certification and hurricane mitigation inspection in accordance with the program requirements;

(2) Filed a completed application form, as determined solely by the commissioner, together with all supporting documentation required by the commissioner;

(3) Installed the wind resistive device or devices in accordance with the program requirements;

(4) Provided any other information deemed necessary by the commissioner; and
(5) Met all additional requirements needed to comply with the grant program as determined by the commissioner.

§431P-G Annual report. The commissioner shall prepare an annual report to the director, governor, and legislature on the use of the safe home program trust fund. The report shall provide statistical information on program participation. The report shall be submitted to the legislature no later than twenty days prior to the convening of each regular legislative session.

§431P-H Rules. The commissioner may, in accordance with chapter 91, adopt reasonable rules as are necessary or proper to carry out the purposes of this part."

SECTION 3. Section 431P-16, Hawaii Revised Statutes, is amended by amending subsection (i) to read as follows:

"(i) Moneys in the hurricane reserve trust fund may be disbursed upon dissolution of the Hawaii hurricane relief fund; provided that:

(1) The net moneys in the hurricane reserve trust fund shall revert to the general fund after payments 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 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.] in the following manner:

$1,000,000 into the safe home program trust fund established pursuant to section 431P-C for fiscal year 2020-2021; and the remaining interest into the general fund each year that the hurricane reserve trust fund remains in existence."

SECTION 4. Section 431P-16.5, Hawaii Revised Statutes, is amended to read as follows:

"§431P-16.5 Immunity. There shall be no cause of action, claim for damages or relief, charge, or any other liability [of any kind whatsoever] created against the State, the Hawaii hurricane relief fund, the commissioner, or their respective
agents, employees, or board, by [_____] or relating to the loss mitigation grant program [_____] and the safe home program."

SECTION 5. The commissioner is authorized to establish and fill one temporary position, not subject to chapter 76, Hawaii Revised Statutes, to be employed within the insurance division for implementation and administration of the safe home program. The hiring of the position shall be appropriated out of the safe home program trust fund. There is appropriated out of the safe home program trust fund the sum of $1,000,000 or so much thereof as may be necessary for fiscal year 2020-2021 to develop and implement the grant program established under this Act. The sum appropriated shall be expended by the insurance commissioner for the purposes of this Act.

SECTION 6. There shall be no cause of action, claim for damages or relief, charge, or any other liability of any kind created against the State, the Hawaii hurricane relief fund, the Hawaii hurricane relief fund's board and its members, or their respective agents, or employees, by or relating to the transfer of any moneys from the hurricane reserve trust fund to the general fund or to the safe home program trust fund.

SECTION 7. In codifying the new sections added to chapter 431P, Hawaii Revised Statutes, by section 2 of this Act, the
revisor of statutes shall substitute appropriate section numbers for the letters used in designating and referring to the new sections in this Act.

SECTION 8. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 9. This Act shall take effect upon its approval.

INTRODUCED BY: ______________________________

BY REQUEST

JAN 21 2020
Report Title:
Insurance; Safe Home Program; Safe Home Program Trust Fund; Grant; Hurricane; Wind Mitigation; Hawaii Hurricane Relief Fund; General Fund; Chapter 431P

Description:
Establishes the Safe Home Program to provide matching and nonmatching grants for installation of wind resistive devices to single-family, owner-occupied, residential property owners. Creates one temporary position within the Insurance Division of the Department of Commerce and Consumer Affairs to implement and administer the Safe Home Program.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.
DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO HURRICANE PREPAREDNESS.

PURPOSE: To establish the Safe Home Program to provide matching and nonmatching grants for installation of wind resistive devices to single-family, owner-occupied, residential property owners. To create one temporary position within the Insurance Division of the Department of Commerce and Consumer Affairs to implement and administer the Safe Home Program.

MEANS: Add a new part to chapter 431P, Hawaii Revised Statutes (HRS), and amend sections 431P-16(i) and 431P-16.5, HRS.

JUSTIFICATION: Hawaii residents are susceptible to property loss due to hurricanes, tropical storms, and strong winds.

In 2005, a similar grant program codified in chapter 431, article 22, HRS, was established and implemented on a three-year basis; however, that grant program currently has no funding.

Impact on the public: This bill will provide matching and nonmatching grants to qualifying property owners, which may in turn alleviate property owners’ financial burden of making their homes more wind-resistant. In addition, the installation of wind resistive devices will help reduce the incidence and severity of personal injury and property damage suffered by the public in the event of a hurricane.

Impact on the department and other agencies: None.
GENERAL FUNDS: None. This bill seeks to allocate a portion of moneys earned through interest from assets of the Hawaii Hurricane Relief Fund to provide grants under the Safe Home Program.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-106.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.