
A BILL FOR AN ACT

RELATING TO PROPERTY INSURANCE.

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

1 SECTION 1. Residents and businesses in the Puna district
2 of Hawaii have been severely impacted by the June 27, 2014, Pu'u
3 O'O lava flow. Part of the impact is due to the imposition of a
4 moratorium on the sale of new insurance policies in certain
5 areas in the district.

6 The purpose of this Act is to help current and future
7 homeowners who reside in lava zone areas that the mayor of the
8 county of Hawaii has declared to be in a state of emergency to
9 obtain and renew property insurance policies. This Act also
10 enables a homeowner, in such a lava zone, who had no prior
11 property insurance coverage to purchase insurance coverage to be
12 effective within six months from the date of policy acceptance.

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



1 "§431:10E- Lava zones defined. As used in this article,
2 "lava zones" means volcanic hazard zones identified by the
3 United States Geological Survey on the island of Hawaii.

4 §431:10E- Provisions for properties in lava zones in the
5 county of Hawaii. (a) Where the mayor of the county of Hawaii
6 has issued a proclamation declaring that a state of emergency
7 exists due to the threat of imminent disaster from a lava flow
8 in a lava zone, the total number (rounded to the nearest whole
9 number) of property insurance policies that an insurer may non-
10 renew in the lava zone shall be limited for each calendar year
11 to five per cent of the total number of covered policies of the
12 insurer in force in that lava zone.

13 (b) Notwithstanding subsection (a), an insurer may cancel
14 or refuse to renew a property insurance policy where:

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

17 (2) The commissioner determines the financial soundness of
18 the insurer would be impaired.

19 Cancellations or nonrenewals made pursuant to this subsection
20 are not subject to the five per cent limit on annual nonrenewal
21 set forth in subsection (a)."



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

4 "§431:21- Issuance of new policies; removal of
5 moratorium. If residential property insurance is unavailable
6 due to a moratorium on the issuance of policies on property
7 situated in a lava zone and if the mayor of the county of Hawaii
8 has issued a proclamation declaring that a state of emergency
9 exists in that lava zone due to the threat of imminent disaster
10 from a lava flow, the association shall remove its moratorium.
11 For residential properties in the lava zone that do not have
12 property insurance coverage, upon the moratorium's removal, the
13 association shall issue new policies and may provide a waiting
14 period no longer than six months for the policy coverage to take
15 effect."

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2015.



Report Title:

HPIA; Mandatory Issuance of Policies; Removal of Moratorium

Description:

Limits the total number of property insurance policies that an insurer may annually non-renew in a lava zone in Hawaii County during a state of emergency to five per cent of the insurer's policies in force, except for nonpayment of premiums or impairment of the insurer's financial soundness. Bars moratoria on residential property insurance in a lava zone in Hawaii County during a state of emergency if property insurance would be otherwise unavailable. (HB737 HD2)

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

