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# 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; provided that if approved by  
13       the commissioner, this five per cent limit may be exceeded by an  
14       insurer in any calendar year as a result of cancellations or  
15       nonrenewals made pursuant to subsection (b).

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

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

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



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 non-renew in a lava zone for each calendar year to five per cent of the total number of covered policies of the insurer in force in that lava zone when a state of emergency exists. Lifts the moratorium of residential property insurance for the Hawaii Property Insurance Association on property situated in lava zones where the Mayor of the County of Hawaii has issued a proclamation declaring a state of emergency exists due to the threat of imminent disaster from a lava flow. (HB737 HD2 PROPOSED)

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