



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. 24-242

RESOLUTION

URGING THE HAWAII STATE LEGISLATURE TO ENACT LEGISLATION THAT ADDRESSES THE DRASTIC INCREASES IN PROPERTY INSURANCE PREMIUMS AND PROPERTY INSURANCE MARKET INSTABILITY.

WHEREAS, in 2023, the United States experienced a record high of 28 separate weather- or climate-related disasters that each resulted in over \$1 billion in damages; and

WHEREAS, in 2023, the global reinsurance market experienced over \$100 billion in losses for the fourth consecutive year in a row; and

WHEREAS, due to the increase in worldwide climate events, reinsurance rates nationwide have increased as much as 50 percent per year in recent years, and these increased costs have largely been passed on to policyholders; and

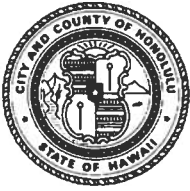
WHEREAS, Hawaii's property insurance market already faces significant challenges due to its small size, high real estate costs, and unique risk profile, and these challenges are exacerbated by the difficulty of obtaining reasonably priced insurance when faced with limited insurance options for hurricane insurance due to the tightening reinsurance market; and

WHEREAS, property insurance premium increases and property insurance unavailability have affected homeowners across the State of Hawaii ("State"), particularly condominium owners; and

WHEREAS, only three insurers are offering master policies, which cover condominium common areas, to condominium associations in the State, and coverage is often limited to only 20 to 30 percent of a building's hurricane exposure; and

WHEREAS, this has forced condominium associations to use surplus lines insurers to cover the remaining portion of a building's hurricane exposure, and these surplus lines have higher rates that result in more costly master policy premiums and higher deductibles; and

WHEREAS, these increased premiums for condominium association insurance, which in some cases are up to 1,000 percent higher, are passed on to the condominium owners, resulting in drastic increases in maintenance fees, which in some cases have



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doubled or tripled, costing condominium owners hundreds of additional dollars each month; and

WHEREAS, in 2024, Hawai'i has been ranked the most expensive state to live in nationwide, at 82 percent more expensive than the national average; and

WHEREAS, drastic increases in property insurance costs exacerbate the already high cost of living in Hawai'i, making home ownership even more unattainable for Hawai'i residents and contributing to out-migration and increasing homelessness; and

WHEREAS, during the 2024 Legislative Session, the Hawai'i State Legislature ("Legislature") introduced measures to address or stabilize rising property insurance premiums, most notably House Bill 2686 and Senate Bill 3234, but the Legislature ultimately failed to pass or enact these measures; and

WHEREAS, several State lawmakers have publicly stated that the increasing property insurance premiums are a critical issue that they hope to address during the upcoming legislative session; and

WHEREAS, on June 28, 2024, Governor Josh Green established the Executive and Legislative Condo and Property Insurance Task Force ("Task Force") to evaluate and make recommendations on the extreme challenges and complex issues surrounding property insurance, particularly affecting condominiums, but with awareness of the impacts on the housing market as a whole; and

WHEREAS, on August 7, 2024, Governor Green, in response to recommendations from the Task Force, signed an emergency proclamation aimed at stabilizing Hawai'i's volatile condominium insurance market by allowing loans to be made to the Hawai'i Hurricane Relief Fund ("HHRF") and the Hawai'i Property Insurance Association to facilitate the issuance of hurricane and property insurance policies to condominium associations, and by allowing HHRF to issue hurricane insurance policies for large condominium buildings and set its own coverage limits; and

WHEREAS, while the City Council ("Council") acknowledges the State's existing efforts in recognizing and attempting to address the current insurance market crisis, the Council finds that legislative action is needed to prevent homelessness and out-migration in the City and County of Honolulu that may be caused, in part, by rising insurance premiums that render homeownership increasingly unaffordable; now, therefore,



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BE IT RESOLVED by the Council of the City and County of Honolulu that it urges the Hawai'i State Legislature to enact legislation that addresses the drastic increases in property insurance premiums and property insurance market instability; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Governor of the State of Hawai'i, the President of the Hawai'i State Senate, the Speaker of the Hawai'i State House of Representatives, the State Director of Commerce and Consumer Affairs, and the State Executive and Legislative Condo and Property Insurance Task Force.

INTRODUCED BY:

Vae A. Okey

DATE OF INTRODUCTION:

SEP 25 2024

Honolulu, Hawai'i

Councilmembers