



Office of the Governor
GOVERNOR JOSH GREEN, M.D.
Ke Ke'ena O Ke Kia'aina

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OFFICE OF THE GOVERNOR – NEWS RELEASE – GOV. GREEN SIGNS EMERGENCY PROCLAMATION TO ADDRESS CONDO INSURANCE CRISIS

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JOSH GREEN, M.D.

GOVERNOR
KE KIA'ĀINA

GOVERNOR GREEN SIGNS EMERGENCY PROCLAMATION TO ADDRESS CONDO INSURANCE CRISIS

FOR IMMEDIATE RELEASE

August 7, 2024

HONOLULU — Governor Josh Green, M.D., today signed an emergency proclamation aimed at stabilizing Hawai'i's volatile condominium insurance market, which has seen unprecedented rate increases due to a hardening global insurance industry and recent increase of catastrophic events around the world.

Hawai'i's property insurance market faces significant challenges due to its small size, high real estate costs and unique risk profile. The wildfire in Maui has highlighted these issues for our state, leading to skyrocketing insurance rates for condos, some increasing by as much as 1,000%. With the possibility of similar rate hikes for townhouses, immediate action is required to protect Hawai'i homeowners and maintain market stability.

Governor Green emphasized the urgency of the situation, stating, "The recent surge in condo insurance rates is placing an unbearable burden on homeowners across our state. This emergency proclamation is a critical step to stabilize our insurance market and protect our residents from further financial strain. By working closely with industry experts, federal partners and legislative leaders, we aim to ensure that Hawai'i remains a viable and secure place to live, even in the face of global insurance challenges. Our commitment is to safeguard the interests of our communities and provide stability for people living and working in Hawai'i."

Governor Green established a Joint Executive and Legislative Task Force to monitor the insurance market, implement short-term fixes and recommend emergency changes or legislative proposals. The task force is headed by State Insurance Commissioner Gordon I. Ito, House Speaker, Representative Scott K. Saiki (D-25, Ala Moana, Kaka'ako, Downtown) and Senate Leader Senator Jarrett Keohokalole, (District 24, Kāne'ohe, Kailua), with members from the insurance, mortgage lending and real estate industries.

This emergency proclamation will lead to providing additional options for condominium associations to purchase hurricane and property insurance for their buildings including the following:

- Allows loans to be made to the Hawai'i Hurricane Relief Fund (HHRF) and the Hawai'i Property Insurance Association to facilitate issuance of hurricane and property insurance policies to condo associations
- Allows HHRF to issue hurricane insurance policies for large condominium buildings and set its own coverage limits

"I want to thank the Governor for accepting the recommendation of the Insurance Task Force and recognizing that we are in a state of emergency," said House Speaker Saiki. The Emergency Proclamation will allow the Administration to help Hawai'i's condominiums access a layer of property insurance coverage. We know that condominium owners are frustrated and worried about the rising cost of property insurance and our Task Force will continue to work to identify potential solutions.

The Task Force met and this emergency proclamation was the result of their work and evaluation which included:

- Examining the insurance marketplace for trouble spots and urgent changes in insurers' rates, refusals to write policies, or market exits.
- Determining existing legal authority for immediate fixes.
- Identifying statutory changes that can be waived via emergency proclamation or require legislative action, making recommendations for such actions.
- Engaging with federal stakeholders like Fannie Mae and Freddie Mac to support these efforts.

An executed copy of the Proclamation can be found [here](#).

The letter from the Joint Executive and Legislative Task Force is [here](#).

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OFFICE OF THE GOVERNOR
STATE OF HAWAII

**PROCLAMATION RELATING TO
CONDOMINIUM INSURANCE STABILIZATION**

By the authority vested in me by the Constitution and laws of the State of Hawai'i, to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, JOSH GREEN, M.D., Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, under chapter 127A, Hawaii Revised Statutes (HRS), emergency powers are conferred on the Governor of the State of Hawai'i to respond to disasters or emergencies, and generally to protect the public health, safety, and welfare, and to preserve the lives, property, and environment of the State.

WHEREAS, in 2023, the U.S. experienced 28 separate weather or climate disasters that each resulted in at least \$1 billion in damages;

WHEREAS, in 2023, the reinsurance market had over \$100 billion in losses for the 4th consecutive year in a row;

WHEREAS, due to the increase in worldwide climate events, reinsurance has become more expensive and less available. Reinsurance rates have increased 20-50% per year for the past few years. Primary insurers have passed these increased costs on to policyholders;

WHEREAS, in Hawai'i, condominium associations are facing the challenge of limited insurance options for hurricane insurance because of the tightening reinsurance market;

WHEREAS, only 3 insurers are offering master policies, which insure the common areas of the condominium, to condominium associations in Hawaii, often covering just 20-30% of a building's hurricane exposure;

WHEREAS, this has forced associations to use surplus lines insurers to cover the rest of the building's hurricane exposure, at higher rates not approved by the Insurance Commissioner, pushing up master policy premiums and deductibles;

WHEREAS, the State of Hawai'i Insurance Division is not authorized to regulate the rates charged by surplus lines insurers. These rates contribute significantly to the increase in condominium associations' master policy premiums;

WHEREAS, due to the substantial increases in master policy premiums, certain condominium associations have chosen to insure the building for less than full value or not at all;

WHEREAS, if the building is not fully insured, many mortgage lenders will not issue loans on the individual units, preventing purchases or sales of units within that building. Individual unit owners selling their units in these buildings would be forced to find an all-cash buyer. Individual unit buyers would be unable to obtain mortgages to buy units in these buildings. Individual unit owners would also not be able to obtain a home equity loans;

WHEREAS, even before the Maui wildfires, insurance rates in Hawaii and nationwide have started to increase since 2021. The Maui wildfires are starting to have an impact on the insurance market in terms of further increasing the cost of premiums; and

WHEREAS, the current state of the condominium insurance market will likely result in substantial injury or harm to the population, or substantial damage to or loss of property, and therefore constitutes an emergency under section 127A-2, HRS;

WHEREAS, to immediately stabilize the State's condominium insurance market, the Executive and Legislative Condo and Property Insurance Task Force (Task Force) has proposed allowing the Hawaii Hurricane Relief Fund (HHRF) and the Hawaii Property Insurance Association (HPIA) to issue master policies to condominium associations;

WHEREAS, to equip HHRF and HPIA to issue master policies to condominium associations, the Task Force has also proposed the issuing of a loan to HHRF and HPIA for startup administration costs and to obtain reinsurance;

WHEREAS, without the suspension of laws under an emergency proclamation, the stabilization measure cannot be implemented in an efficient and timely manner;

NOW, THEREFORE, I, JOSH GREEN, M.D., Governor of the State of Hawai'i, hereby determine and proclaim that an emergency or disaster contemplated by section 127A-14, HRS, has occurred in the State of Hawai'i. I hereby authorize and invoke the following emergency provisions, if not already effective by virtue of this Proclamation:

I. **State Cooperation**

Under subsection 127A-12(b), HRS, I hereby direct all state agencies and officers to cooperate with and extend services, materials, and facilities as may be required to assist in all efforts to address the objectives of this Proclamation.

II. **Suspension of Laws**

I hereby exercise my authority under paragraph 127A-13(a)(2) and 127A-13(a)(3), HRS, and suspend the following state laws, as allowed by federal law, only to the extent necessary to allow HPIA and HHRF issue master policies to condominium associations:

Section 36-24, HRS, **loans to state and county agencies**, to the extent necessary to allow loans to be issued to the Department of Commerce and Consumer Affairs and HHRF without a requirement that they be bond-issuing agencies;

Section 37-41, HRS, **appropriations to revert to state treasury; exceptions**, to the extent that appropriations lapse at the end of the fiscal year prior to completion of the emergency actions.

Subsection 37-74(d)(1), HRS, **program execution**, to the extent necessary to provide funding to complete the emergency actions.

Chapter 76, HRS, **civil service law**, to the extent necessary to allow qualified personnel to be hired that would be directly involved in the expeditious and efficient execution of emergency actions.

Chapter 89, HRS, **collective bargaining in public employment**, to the extent that compliance with this chapter requires additional time detrimental to the expeditious and efficient execution of emergency actions.

Chapter 89C, HRS, **public officers and employees excluded from collective bargaining**, to the extent that compliance with this chapter requires additional time detrimental to the expeditious and efficient execution of emergency actions.

Section 103-53, HRS, **contracts with the State or counties; tax clearances, assignments**, to the extent that compliance requires additional time detrimental to the expeditious and efficient execution of emergency actions.

Section 103-55, HRS, **wages, hours, and working conditions of employees of contractors performing services**, to the extent that compliance requires additional time detrimental to the expeditious and efficient execution of emergency actions.

Chapter 103D, HRS, **Hawaii public procurement code**, to the extent that compliance might delay the State in quickly obtaining the goods and services needed to address the emergency.

Section 127A-30, HRS, **rental or sale of essential commodities during a state of emergency; prohibition against price increases**, because the automatic statewide invocation of this provision is not needed for this emergency. This Proclamation does not affect the invocation and suspensions of section 127A-30, HRS, contained in the July 19, 2024, Sixteenth Proclamation Relating to Wildfires.

Section 431P-1, HRS, **definitions**, to the extent necessary to eliminate the phrase “of one to four units” from the definition of “Eligible property” to allow HHRF to issue master policies to condominium associations.

Section 431P-1, HRS, **definitions**, to the extent necessary to eliminate the monetary coverage limits and other limitations from the definition of “Policy of hurricane property insurance” to allow HHRF to set its own coverage limits for master policies issued to condominium associations.

Section 431P-10(a), **coverage available from the fund; deductible**, to the extent necessary to eliminate the monetary coverage limits and other limitations to allow HHRF to set its own coverage limits for master policies issued to condominium associations.

III. Severability

If any provision of this Proclamation is rendered or declared illegal for any reason, or shall be invalid or unenforceable, such provision shall be modified or deleted, and the remainder of this Proclamation and the application of such provision to other persons or circumstances shall not be affected thereby but shall be enforced to the greatest extent permitted by applicable law.

IV. Enforcement

No provision of this Proclamation, or any rule or regulation hereunder, shall be construed as authorizing any private right of action to enforce any requirement of this

Proclamation, or of any rule or regulation. Unless the Governor, Director of Emergency Management, or their designee issues an express order to a non-judicial public officer, no provision of this Proclamation, or any rule or regulation hereunder, shall be construed as imposing any ministerial duty upon any non-judicial public officer and shall not bind the officer to any specific course of action or planning in response to the emergency or interfere with the officer's authority to utilize his or her discretion.

I FURTHER DECLARE that this Proclamation is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of Hawai'i, the counties of this State, or any State or County agencies, departments, entities, officers, employees, or any other person.

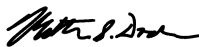
I FURTHER DECLARE that the disaster emergency relief period shall commence immediately and continue through October 6, 2024, unless terminated or superseded by separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of the proclamation relating to this emergency shall continue in full force and effect.

Done at the State Capitol, this 7th day of August, 2024

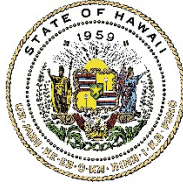


Josh Green, M.D.
Governor of Hawai'i

APPROVED:



Matthew S. Dvonch
Acting Attorney General
State of Hawai'i



EXECUTIVE AND LEGISLATIVE CONDO AND PROPERTY INSURANCE TASK FORCE

STATE OF HAWAII
STATE CAPITOL
415 SOUTH BERETANIA STREET
HONOLULU, HAWAII 96813

July 22, 2024

The Honorable Josh Green, M.D.
Governor
Hawaii'i State Executive Chambers
415 South Beretania Street
Honolulu, HI 96813

Dear Governor Green:

Thank you for your letter dated June 28, 2024. We are happy to inform you that the Executive and Legislative Condo and Property Insurance Task Force has held meetings on July 1st and July 18, 2024.

To more immediately stabilize the State's condominium insurance market, we respectfully request that you exercise emergency powers, to the extent such exercise is consistent with the advice and consultation of the Attorney General:

1. To suspend laws placing monetary limits on the Hawai'i Hurricane Relief Fund ("HHRF") and Hawaii Property Insurance Association ("HPIA"), which make it impracticable for those entities to provide insurance coverage to condominiums;
2. To allocate general fund monies to the HHRF and HPIA, subject to future repayment; and
3. To allow the HHRF and HPIA boards to implement as many of the policies reflected in the proposed H.B. 2686, C.D. 1 (attached) as possible, to the extent the boards deem prudent and necessary. Please see the attached appendix, which includes a summary of pertinent policies expressed in the proposed H.B. 2686, C.D. 1.

Thank you for your consideration of our requests.

Sincerely,

Representative Scott K. Saiki
Co-Chair

Senator Jarrett Keohokalole
Co-Chair

Gordon I. Ito, Insurance Commissioner
Co-Chair

1. HPIA providing property insurance to a condominium association that meets the criteria and requirements in the HPIA's plan of operation (page 22, lines 3-11);
2. HPIA's plan of operation including:
 - a. A maximum period of time during which a condominium association may be eligible to be insured by the association, which shall not exceed sixty months--that is, five years (page 12, lines 3-6; and page 16, line 19-21); and
 - b. Provisions relating to requirements for property insurance for condominiums (page 18, line 15, to page 20, line 12; and page 20, line 19, to page 21, line 6);
3. HPIA's plan of operation prohibiting coverage for any condominium for which the HPIA has identified maintenance issues that materially affect the insurability of the condominium for the type of coverage sought (page 20, lines 13-18);
4. Suspending the application of the HPIA's and HHRF's statutorily established coverage limits (page 23, lines 1-11; page 30, line 6, to page 31, line 5; and page 47, line 16 to page 49, line 10);
5. Providing for the recoupment of the HPIA's insurer assessments through surcharges on premiums (page 23, line 12, to page 26, line 14);
6. HPIA establishing certain reserve trust funds and accounts as necessary (page 14, line 9 to page 15, line 7);
7. Making certain adjustments relating to the calculation of assessments by the HHRF (page 35, line 18, to page 38, line 12);
8. The HHRF receiving certain moneys for deposit into separate accounts within the Hurricane Reserve Trust Fund, relating to the purpose of the measure (page 41, line 20, to page 42, line 6; page 50, lines 7-11; and page 53, lines 7-10 and 17-21);
9. The HHRF adopting procedures to repay general fund moneys lent to the Hurricane Reserve Trust Fund for the purpose of the measure (page 42, lines 7-15);
10. The HHRF's plan of operation including provisions relating to requirements for hurricane insurance for condominiums (page 46, line 18, to page 47, line 9);
11. The HHRF's plan of operation prohibiting coverage for any condominium for which the HHRF has identified maintenance issues that materially affect the insurability of the condominium for the type of coverage sought (page 47, lines 10-15);
12. Excluding from HHRF insurance eligibility:
 - a. Applicants who are otherwise able to obtain insurance from licensed insurers (page 31, lines 12-15; and page 49, lines 14-16); and
 - b. Properties that are ineligible pursuant to the HHRF's plan of operation (page 49, lines 17-18);
13. Suspending statutory language that diverts to the general fund any interest earned from the Hurricane Reserve Trust Fund (page 54, lines 18-21);
14. Transferring available general fund moneys in the amount up to \$30,000,000 as a loan or line of credit to the HPIA for startup administration costs and to obtain reinsurance for the purposes of the measure (page 57, line 10, to page 58, line 10); and
15. Transferring available general fund moneys in the amount up to \$30,000,000 as a loan or line of credit to the HHRF for startup administration costs and to obtain reinsurance for the purposes of the measure (page 58, line 11, to page 59, line 9).

Appendix "1"