

Hawaii Condominium Bulletin

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The Benefits of Hawaii Senate Bill 1044 SD2 HD2 CD1 By Acting DCCA Insurance Commissioner Jerry Bump

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[Hawaii Senate Bill 1044 SD2 HD2 CD1](#), enacted during the 2025 legislative session, represents a significant initiative to stabilize the state's property insurance market, particularly in response to escalating premiums and limited coverage options for condominium associations. This legislation addresses the challenges posed by natural disasters and market volatility, ensuring that residents have access to adequate insurance coverage.

Key Benefits of SB1044 SD2 HD2 CD1

1. Expanded Authority for State Insurance Entities

The bill enhances the powers of the Hawaii Property Insurance Association (HPIA) and reactivates the Hawaii Hurricane Relief Fund (HHRF). These entities are now authorized to provide insurance coverage in scenarios where the private market fails to do so, particularly for condominiums and other residential properties. This expansion ensures that residents have a safety net when traditional insurers withdraw from high-risk areas.

The HHRF will expand hurricane coverage capacity, while the HPIA will provide additional insurance coverage for other categories. The goal is to reduce overall insurance costs and, over time, stabilize the market for condominium associations. Both the HHRF and HPIA will be preparing to become operational and begin issuing coverage to associations. Associations will need to work with their insurance agents to purchase the respective coverages when they become available.

2. Support for Condominium Associations

Recognizing the difficulties faced by condominium associations in securing affordable insurance, the legislation establishes the Condominium Loan Program. Administered by the Hawaii Green Infrastructure Authority, this program offers financial assistance for essential repairs and deferred maintenance, helping buildings remain insurable and compliant with lending standards.

3. Equitable Funding Mechanisms

To finance the expanded coverage and programs, the bill introduces a temporary flat recording fee on property documents, replacing the previous mortgage recording fee. This approach distributes the financial burden more equitably among property owners, regardless of their financing methods. Additionally, the legislation allows for State appropriations and assessments on insurers to ensure the solvency of HPIA and HHRF.

4. Mandated Study for Long-Term Solutions

Acknowledging that these measures are interim solutions, the bill mandates the Insurance Commissioner to conduct a comprehensive study aimed at developing sustainable strategies for stabilizing the property insurance market. This includes exploring alternative insurance models and regulatory reforms to enhance market resilience.

In summary, SB1044 SD2 HD2 CD1 is a proactive legislative response to the pressing issues in Hawaii's property insurance sector. By expanding the roles of state insurance entities, providing financial support for property maintenance, implementing fair funding strategies, and seeking long-term solutions, the bill aims to ensure that residents have continued access to necessary insurance coverage amidst evolving challenges.



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Message from the Chair

Aloha,

Summer has arrived in Hawai'i. School's out, the heat's back, and life in condominium land rolls on. In this edition of the Hawai'i Condominium Bulletin, we'll cover topics that have the potential to raise the heat, ranging from board meetings and association financial health; yet also try to cool you down with information about recently passed legislation regarding the stabilization of the condominium insurance market.

Senate Bill 1044 is the long-awaited piece of legislation designed to address the crisis in the condominium insurance market. DCCA's own acting insurance commissioner, Jerry Bump, has graciously authored an article on what condominium associations can expect from these new programs regarding property and hurricane insurance. Stay tuned for an upcoming article in a future bulletin that covers the other aspect of the bill, the condominium loan program by the Hawaii Green Initiative Authority's Executive Director, Gwen Yamamoto-Lau.

The "Ask the Condo Specialist" discusses concerns on whether certain informal gatherings of the board are considered board meetings and if an owner's right to mandatory mediation can be subject to a board vote.

The Akamai Buyer reminds prospective buyers to review an association's finances, audit reports, and reserves to get a heads up on potential special assessments, identify any concerning audit findings, and better understand the overall financial health of the condominium they're considering.

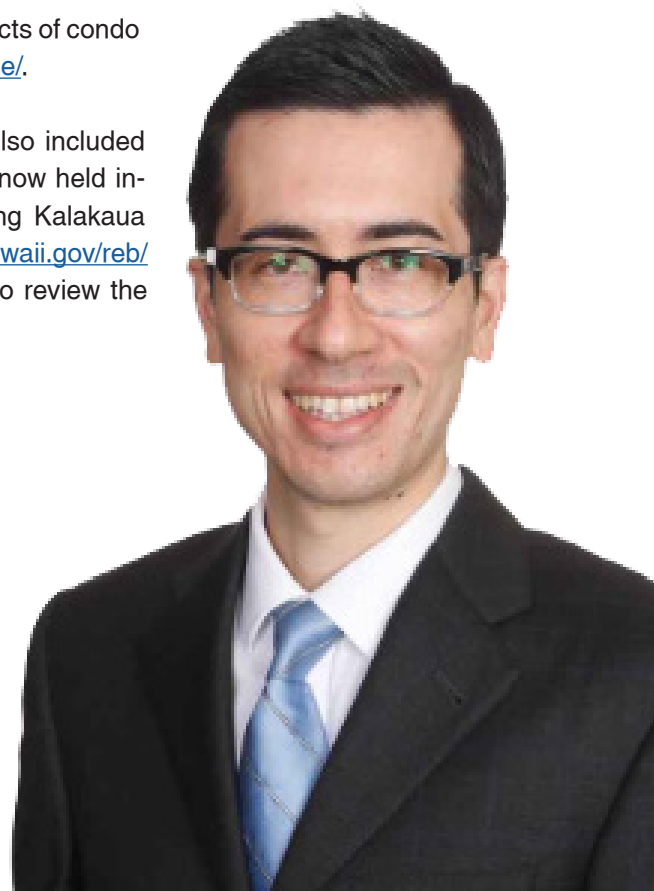
We've also included summaries of condominium mediations that were conducted in the last few months.

Keep up with the current condo news, issues, legislative action affecting condos, and educational events being held for the condo community by signing up for the Commission's quarterly email subscription service. Sign up is available at the following link: <http://cca.hawaii.gov/reb/subscribe>. By signing up you'll get the latest news for the condo community emailed directly to your inbox. The emails are also posted at the Real Estate Branch website.

To view any of our short and informative educational videos on various aspects of condo living, click the link here <https://cca.hawaii.gov/reb/hawaii-condo-living-guide/>.

A calendar of the Real Estate Commission's 2025 meeting schedule is also included inside. All are welcome to attend any of the monthly meetings which are now held in-person, primarily in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor. Click the link here https://cca.hawaii.gov/reb/agendas_minutes/ to visit our website to get the upcoming agenda and to review the minutes from prior meetings.

John R. Love
Chair, Condominium Review Committee



Mediation Case Summaries

From March of 2025 through May of 2025, the following condominium mediations or arbitrations were conducted pursuant to Hawai'i Revised Statutes [§§ 514B-161 and 514B-162.5](#) and subsidized by the Real Estate Commission ("Commission") for registered condominium associations. The Mediation Center of the Pacific conducted additional condominium mediations through the District Courts while mediation providers conducted community outreach in their respective communities.

Mediation exists not only to facilitate conflict resolution, but to also educate the parties involved as to the intricacies of the condominium law, their association's governing documents, and the strengths and weaknesses of their respective arguments. While the Commission strives for every mediation to resolve the conflicts, not every mediation will come to an agreement. That does not necessarily mean mediation has failed, as it also serves to reduce costly litigation.

The Commission subsidizes up to \$600 for qualified facilitative mediations and up to \$3,000 for qualified evaluative mediations for qualified associations. Should a mediation not come to an agreement once that subsidy money is exhausted, no agreement is noted in Commission records. However, the Commission is aware that parties often come to agreements through continued unsubsidized mediation.

Dispute Prevention and Resolution, Inc.

Owner vs AOOU	Dispute over the interpretation of the declaration, bylaws, and house rules regarding the parking garage	No agreement
AOOU vs Owner	Dispute over the interpretation of the declaration over damage to common elements	No Agreement
Owner vs AOOU	Dispute over the interpretation of the declaration, bylaws, and house rules over flooring and noise	Mediated to agreement
AOOU vs Owner	Dispute over the interpretation of the declaration regarding parking stall	No Agreement
Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding fiduciary duty, financial management	Mediated to agreement
AOOU vs Owner	Dispute over the interpretation of the declaration and bylaws regarding pet policy related damage and the use of common elements	Mediated to agreement
Owner vs AOOU	Dispute over the interpretation of the house rules relating to short term vacation rentals and fines	Proposed Settlement Received by Board
Owner vs Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding common element maintenance	No Agreement

Mediation Center of the Pacific

Owner vs AOOU	Dispute over the interpretation of the bylaws and house rules regarding fees, fines, citations, and documents	No Agreement
Owner vs AOOU	Dispute over the interpretation of the bylaws regarding retaliation	Parties Resolved Prior To Mediation
Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding water leak and damage to owner's unit.	Mediated to agreement
Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding water damage	Mediated to agreement

Mediation Case Summaries (cont. from page 3)

Lou Chang

Owner vs AOOU	Dispute over the interpretation of Association power to manage resources and staff and alterations of common elements	No Agreement
Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding limited and common element repairs	Mediated to agreement
Owner vs AOOU	Dispute over the interpretation of the declaration and bylaws regarding limited common area improvements	No Mediation - Both Parties Did Not Respond
AOOU vs Owner	Dispute over the interpretation of the bylaws and house rules regarding flooring, communication, and harassment	No Agreement

To consult with any of our subsidized private mediation services, contact one of the following providers:

Oahu

Mediation Center of the Pacific, Inc.

1301 Young Street, 2nd Floor

Honolulu, HI 96814

Tel: (808) 521-6767

Fax: (808) 538-1454

Email: mcp@mediatehawaii.org

Maui

Mediation Services of Maui, Inc.

95 Mahalani Street, Suite 25

Wailuku, HI 96793

Tel: (808) 244-5744

Fax: (808) 249-0905

Email: info@mauimmediation.org

West Hawaii

West Hawaii Mediation Center

65-1291 Kawaihae Road, #103B

Kamuela, HI 96743

Tel: (808) 885-5525 (Kamuela)

Tel: (808) 326-2666 (Kona)

Fax: (808) 887-0525

Email: info@whmediation.org

East Hawaii

Ku'ikahi Mediation Center

101 Aupuni St. Ste. 1014 B-2

Hilo, HI 96720

Tel: (808) 935-7844

Fax: (808) 961-9727

Email: info@hawaiimmediation.org

Kauai

Kauai Economic Opportunity, Inc.

2804 Wehe Road

Lihue, HI 96766

Tel: (808) 245-4077 Ext. 229 or 237

Fax: (808) 245-7476

Email: keo@keoinc.org

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Mediator, Arbitrator, Attorney

Member, National Academy of Arbitrators

P.O. Box 61188, Honolulu, Hawaii 96839

Tel: (808) 384-2468

Email: louchang@hula.net

Website: www.louchang.com

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Crumpton Collaborative Solutions LLLC

Tel: (808) 439-8600

Email: crumpton@chjustice.com

Websites: www.acctm.org; www.nadn.org;

www.accord3.com; and www.mediate.com

Dispute Prevention and Resolution

1003 Bishop Street, Suite 1155

Honolulu, HI 96813

Tel: (808) 523-1234

Website: <http://www.dprhawaii.com/>

Ask the Condominium Specialist

Q: Can our board or managing agent make an owner's mediation request subject to a board vote?

A: No. Mediation is a legal right granted to condominium owners and owners may demand mediation on a range of issues, many of which the condominium law requires both parties to mediate. Neither the board nor managing agent has the authority to deny a request for mandatory mediation via board vote. Should a board attempt to deny such request, an owner may apply to the circuit court in the jurisdiction where the condominium is located for an order compelling mediation.

A managing agent who attempts to restrict an owner's statutory right to mediation should reconsider doing so, as such actions may violate [§467-14\(13\), HRS](#), potentially subjecting their real estate brokerage license to disciplinary action, including fines or license revocation.

Mediation is meant to serve as a means of dispute resolution. Increasing access to dispute resolution generally leads to less disputes and conflicts. Condominium boards and managing agents should focus on supporting and facilitating the various dispute resolution options available for condominiums.

Q: My board members are having "lunch get-togethers," "discussion/working groups," or "committee gatherings" where they deliberate, discuss, and decide association business. Are these considered board meetings?

A: The condominium law covers board meetings under [§514B-125, HRS](#), which states:

(a) All meetings of the board, other than executive sessions, shall be open to all members of the association, and association members who are not on the board shall be permitted to participate in any deliberation or discussion, other than executive sessions, pursuant to owner participation rules adopted by the board.

The Real Estate Branch often fields inquiries from both unit owners and board members about whether a prior or future gathering of board members would be considered a board meeting under the statute; consequently triggering requirements for notice, minutes, and owner participation. Given the broad language of §514B-125, HRS, a gathering where board members deliberate, discuss, or potentially decide association business could reasonably be considered as a board meeting, regardless of the meeting's name or label.

Should the board refuse to adhere to the statute, unit owners and board members are strongly encouraged to demand mandatory mediation to have an independent third party review whether the board's actions align with the statute.

THE AKAMAI BUYER

Finances and Reserves

Before you take the leap and purchase a condominium unit, always review the association's financials and related documents. While this is more relevant for larger condominium projects or those comprised primarily of single-family homes, it is still an important step for all buyers to take. Questions such as, "Has the board issued or does it plan to issue a special assessment?" and "Has an audit of the association's finances been conducted recently?" should be asked, and the association's most recent financial statements should be examined.

Sellers are entitled to obtain this information from their association and should provide these documents and answers to prospective buyers. If a seller is reluctant or unable to do so, it may be a sign that something is amiss within the condominium. Transparency is accountability and having a clear understanding of the financial health of the association you buy in to is vital.

An unfortunate reality of Hawaii's condominium market is that many older buildings are due for, or are currently undergoing, significant repairs, often at much higher costs than originally planned due to rising costs in labor and material over the past several years. Buyers should know if they are likely to face a large special assessment or increase in maintenance fees for upcoming infrastructure repairs.

Knowledge and information are the best tools that a potential buyer can have.

2025 Real Estate Commission Meeting Schedule

Real Estate Commission – 9:00 a.m.

Friday, June 27, 2025

Friday, July 25, 2025

Friday, August 29, 2025

Friday, September 26, 2025

Friday, October 24, 2025

Friday, November 21, 2025

Friday, December 19, 2025

Until further notice, Laws & Rules Review Committee, Condominium Review Committee, and Education Review Committee Meeting items will be discussed at the Real Estate Commission Meetings. Real Estate Commission Meetings will be held in-person in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor.

Meeting dates, locations and times are subject to change without notice. Please visit the Commission's website at www.hawaii.gov/hirec or call the Real Estate Commission Office at (808) 586-2643 to confirm the dates, times and locations of the meetings.

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