

[Hawaii governor signs emergency proclamation to stabilize insurance market](#)

Insurance Business Magazine

Rates surged by up to 1,000% in some cases

Hawaii's volatile condo insurance market saw its rates surge by up to 1,000% in some cases, according to a statement from the governor's office. As a response, Governor Josh Green has signed an emergency proclamation.

The immediate action was necessitated not only because of the condo insurance market but also due to the steep rate increases townhomes are experiencing.

The order will provide condo associations with more options for obtaining hurricane and property coverage by suspending several existing laws, the governor stated.

As part of the proclamation, the Hawaii Hurricane Relief Fund (HHRF) will now be authorized to issue hurricane policies for large condo buildings and set its limits.

In addition, both the HHRF and the Hawaii Property Insurance Association, the state's insurer of last resort, will be allowed to take out loans to facilitate the issuance of hurricane and property insurance to condo associations.

These market conditions are due to Hawaii's small insurance market, high real estate costs, and unique risk profile, factors highlighted during the recent Maui wildfires. Claim payments related to the fire surpassed \$2.34 billion in July (BestWire, July 30, 2024).

According to the proclamation, only three carriers offer master policies, which cover common areas, and often coverage is limited to 20% to 30% of a building's hurricane exposure.

Surplus lines also play an important role in Hawaii's condo insurance segment, but the Hawaii Insurance Division doesn't have the authority to regulate non-admitted market rates, which have significantly contributed to the rising costs, according to the proclamation.

On top of this, broader industry trends, including a 20% to 50% increase in reinsurance costs, are further destabilizing the market, Green wrote.

"This emergency proclamation is a critical step to stabilize our insurance market and protect our residents from further financial strain," Green said in a statement. "By working closely with industry experts, federal partners, and legislative leaders, we aim to ensure that Hawaii remains a viable and secure place to live, even in the face of global insurance challenges."

The market stabilization efforts are based on recommendations from a joint executive and legislative task force. This includes input from lawmakers, as well as insurance, banking, and real estate professionals.

The proclamation and its provisions will remain in effect through October 6, 2024, unless terminated or superseded by another order.

Attempts to obtain comments from the Hawaii Department of Commerce and Consumer Affairs and the American Property Casualty Insurance Association were unsuccessful.