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HAWAII INSURANCE REALITY CHECK

Why it looks affordable until it isn't

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WHY HAWAII INSURANCE LOOKS AFFORDABLE UNTIL IT ISN'T

Look up average homeowners insurance by state and Hawaii lands near the bottom. Hawaii's average homeowners premium is among the lowest in the country, even though it is one of the most hazard exposed states.

That ranking is accurate. It is also one of the most misleading numbers in Hawaii real estate, because the real cost of protecting a home here has been split into separate bills, and only the smallest one shows up in the rankings. What follows is the rest of them, in the order you will meet them.

The last six months made the case for us. Four federally recognized disasters: the March Kona Low storms, the May earthquake, Hurricane Lala off Hawaii Island's southern coast in August, and Hurricane Lowell, which battered Kaua‘i in September as the closest Category 2 or stronger hurricane to the island since Iniki in 1992.

FIRST, IF YOU HAVE DAMAGE RIGHT NOW

Start the claim today rather than waiting to see whether damage clears your deductible. Report the loss, get a claim number, and ask what filing deadlines apply. Before you clean up, photograph and film the structure, the contents, and everything you are about to throw away, and keep receipts for emergency repairs and anything you buy because you cannot be in your home.

Ask specifically about Additional Living Expenses, which covers lodging and some food costs while repairs happen. Many people never think to ask, and in Hawaii a rebuild commonly runs twelve to sixteen months. File the insurance claim before applying for federal aid, since assistance fills gaps rather than replacing coverage. If a claim feels wrong, the state insurance division takes questions at 1-844-808-DCCA, and United Policyholders runs free guidance for the 2026 storms at uphelp.org.

1. THE SMALLEST LINE ON THE PAGE

A standard Hawaii homeowners policy is genuinely useful. It covers fire, theft, most water damage originating inside the house, liability, and wind, up to a point. That point is a declared hurricane. Once the National Weather Service issues a hurricane watch or warning, wind damage falls under a separate hurricane policy. Flood is excluded, here as everywhere. Earthquake is excluded. On Hawaii Island, lava is its own question again.

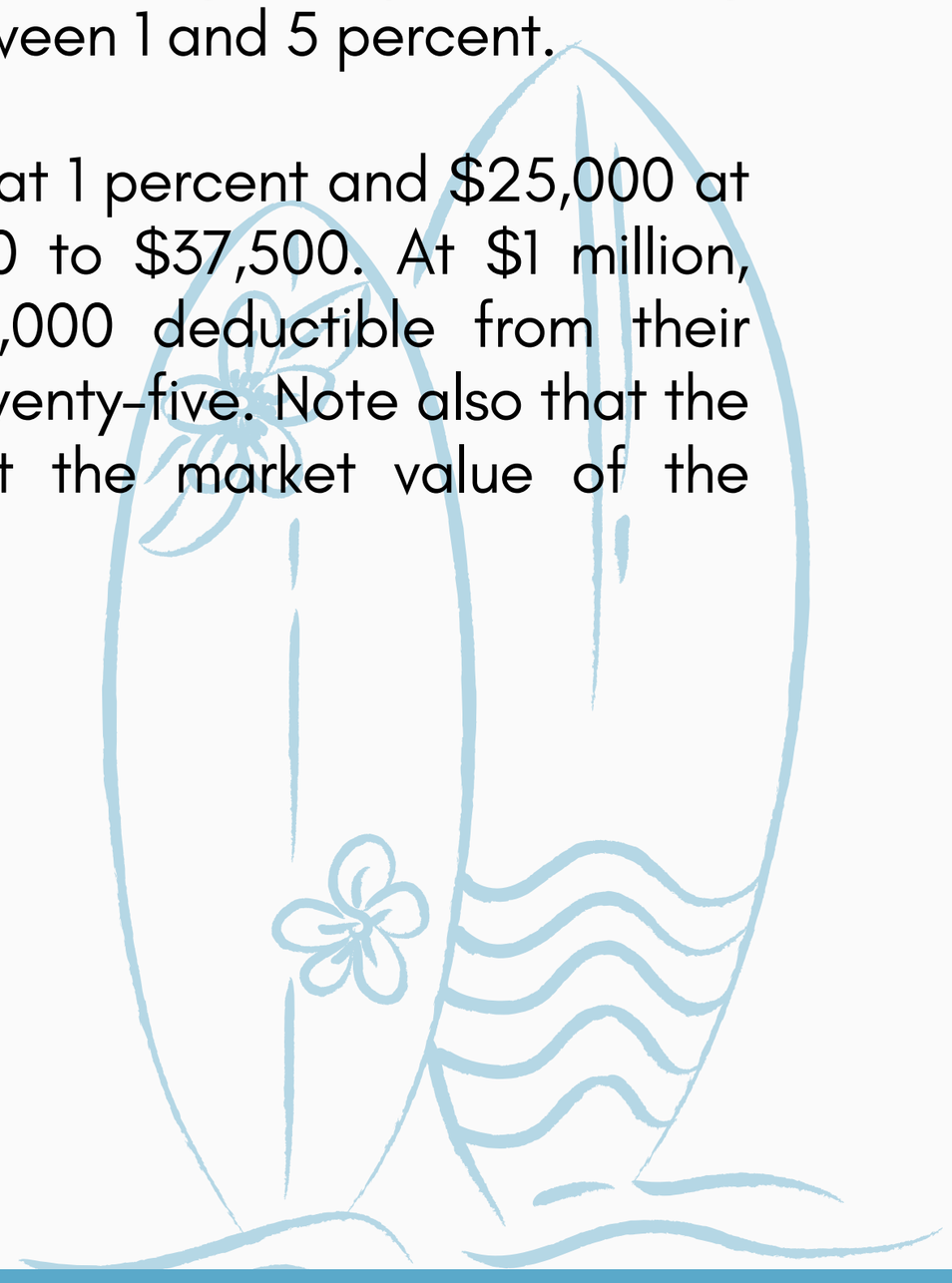
Put the pieces back and the picture inverts. On top of the standard policy, published averages run around $1,475 for hurricane coverage bought separately and about $1,023 for federal flood insurance. Stack the layers and the real annual cost lands well above the low standard premium that made Hawaii look affordable in the first place.

Individual numbers vary enormously, and averages should be treated as orientation rather than a quote. State sample filings show windstorm coverage on a $250,000 home ranging from under $500 to nearly $2,500. But the shape holds. Hawaii is not an inexpensive place to insure a home, and the standard premium is simply the first and smallest of the bills.

2. WHAT COMES OUT OF POCKET FIRST

The premium on a hurricane policy is the visible cost. The deductible is the one that surprises people, because here it is a percentage of your dwelling coverage rather than a flat amount, typically between 1 and 5 percent.

On a home insured for $500,000, that is $5,000 at 1 percent and $25,000 at 5 percent. At $750,000, the range runs $7,500 to $37,500. At $1 million, $10,000 to $50,000. Anyone assuming the $1,000 deductible from their standard policy applies is wrong by a factor of twenty-five. Note also that the percentage applies to your dwelling limit, not the market value of the property, and those are rarely the same number.



3. 96 PERCENT GO UNPROTECTED

Here is the number that explains the last six months. According to a 2026 report on the state insurance market, only about 4.2 percent of Hawaii properties carry flood insurance. In a place where the most common disaster is water, roughly 96 percent of properties have no cover for it.

After the Kona Low storms flooded hundreds of homes, schools, and farms in March, most owners and renters discovered exactly that. Some had skipped it on cost. Others had been declined, and hundreds of thousands of Hawaii properties do not currently qualify. The exposure is badly out of proportion to the premium: one inch of water can cause damage running past $25,000.

Two timing points. Federal flood policies take 30 days to take effect, and carriers stop writing hurricane coverage once a watch is issued, so both of these are calm weather decisions. And O‘ahu’s flood maps changed on June 10, 2026, a major island-wide remap that changed the flood designation for more than 3,500 parcels. If yours was one and you carry a federally backed mortgage, your lender can force-place a policy at a higher price. Worth claiming in the other direction: Honolulu participates in FEMA’s Community Rating System, which gives federal flood policyholders an automatic 10 percent discount.

4. EARTHQUAKE AND LAVA CHANGE THE MATH

Earthquake coverage is separate again, and carries the steepest deductibles of all, commonly 10 to 25 percent of the home’s value. On a $400,000 home that is $40,000 to $100,000 before anything pays. After the May earthquake, that stopped being hypothetical for a lot of Hawaii Island owners.

Lava is the other. The Hawaii Property Insurance Association exists because private carriers would not write in Lava Zones 1 and 2, and it remains the fallback for properties the standard market declines. But HPIA is a basic property policy with a dwelling limit capped at $450,000, in a state where the median single family home sells for around $950,000. The insurer of last resort covers less than half the median home.

5. REBUILDING OUTRUNS YOUR COVERAGE

Suppose you buy every policy above. You can still be badly exposed, because rebuilding here is unlike rebuilding anywhere on the mainland.

Materials arrive by barge, adding 20 to 30 percent. Construction costs are up about 31 percent since 2021. And neighbor islands have a far smaller pool of contractors than O‘ahu, so one disaster can exhaust local supply.

So insure the rebuild, not the price tag. Market value includes land, which does not burn. Ask for replacement cost, ideally extended replacement cost, which adds a cushion for exactly that surge. Ask about ordinance or law coverage too, which pays for rebuilding to current codes.

One Lahaina couple, mid-remodel and planning to raise coverage once the work was done, received about $195,000 on a house now expected to cost $1.4 to $1.7 million to rebuild.

6. THE POLICY YOU DO NOT CONTROL

Condo owners see the most affordable insurance of anyone here, typically $500 to $900 a year, because the expensive policy belongs to the building. They are also the most exposed, because that policy is not theirs to control.

Everything turns on which form your association carries. Bare walls stops at the unfinished structure. Single entity, the most common form here, covers the unit as the developer delivered it, so every upgrade since is yours. All-in reaches everything installed. The form is set by the recorded declaration, not the insurance certificate, and assuming all-in when it says single entity is the mistake owners make most.

Three gaps follow: a master deductible of $5,000 to $250,000 that can be assessed to you, loss assessment limits of $1,000 to $50,000 that may not reach, and improvements you insured for less than you spent.

Roughly 400 O‘ahu associations carry less than full replacement coverage.

7. THE PART THAT IS ACTUALLY GETTING BETTER

No island has one risk level. Windward against leeward, elevation, distance from a fire station, flood zone, and lava zone all move the number within a single island. Property characteristics matter as much as location: a roof over twenty years old significantly limits your options, and the move away from insuring single-wall wood homes accelerated after the Maui wildfires. Carriers can decline on roof age, condition, wildfire exposure, or coastal position.

One quirk of Hawaii law belongs here. Insurers need not give advance notice before a premium increase at renewal, so the first you may hear of a large one is the bill itself.

The genuinely good news. Statewide premiums rose about 13 percent in 2024, but rates began stabilizing through 2025. Act 296 reactivated the Hawaii Hurricane Relief Fund to cover associations the private market refused, and by April 2026 it had issued 97 policies, and the program reported more than $12 million in combined savings.

QUESTIONS TO ASK BEFORE YOU CALL IT AFFORDABLE

- **Which policies do I actually have?** Standard, hurricane, flood, and if relevant earthquake. Confirm each separately rather than assuming one covers the others.
- **What is each deductible as a dollar figure?** Convert every percentage, and check whether it is calculated on dwelling coverage or market value.
- **What would it cost to rebuild today?** Not what it would sell for. Ask for a current replacement cost estimate in writing, and ask what year it is based on.
- **Is it replacement cost or actual cash value?** And do I have extended replacement cost for a post-disaster surge?
- **Do I have ordinance or law coverage, and at what percentage?** Ask specifically if the home is more than twenty years old.
- **How many months of Additional Living Expenses do I carry?** Measure it against a twelve to sixteen month rebuild, not a few months.
- **For condos: is the master policy bare walls, single entity, or all-in?** Per the recorded declaration. Then check the master deductible, your loss assessment limit, and improvements coverage.
- **Could I write the deductible check next month?** If not, the low premium was never the bargain it looked like.

WHAT THE LOW PREMIUM LEAVES OUT

• **Among the lowest.** Hawaii's average standard premium compared with other states.
• **Several separate bills.** The real cost once hurricane and flood are added back.
• **Hurricane watch or warning.** Where your standard policy generally stops covering wind.
• **1 to 5 percent.** Typical hurricane deductible, on dwelling coverage.
• **10 to 25 percent.** Typical earthquake deductible.
• **4.2 percent.** The share of Hawaii properties carrying flood insurance.
• **$450,000.** The dwelling cap at HPIA, the insurer of last resort.
• **Far fewer contractors.** Neighbor islands have a far smaller pool than O'ahu, so one disaster can exhaust local supply.

WHERE TO START, DEPENDING ON YOU

You own a single family home. Start with the rebuild number. Ask for a current replacement cost estimate in writing, report every improvement you have made, and convert each deductible percentage into a real dollar figure. If those figures are more than you could produce next month, that is the problem to solve first.

You own a condo. Start with the board rather than your agent. Ask which master policy form the recorded declaration specifies, what the master deductible is, whether the building carries full replacement coverage, and for the most recent reserve study. Take those answers to your agent and set your HO-6 limits against them.

You are buying here. Get insurance quotes during your due diligence period, while your contingencies still let you walk. Price every layer before you write an offer, not after inspection. On Hawaii Island, check the lava zone first, because it determines whether standard coverage and conventional financing exist at all. Ask about roof age and construction type early, because both can limit which carriers will quote you.

You are dealing with damage right now. Everything on page two comes first. The rest of this will keep until you are through it.

WANT A SECOND SET OF EYES?

Scan the QR code to book a free, no pressure call. If you are looking at a property here, bring it and we will walk through what it will actually cost to insure before you are committed. Hurricane exposure, flood zone, lava zone, roof and construction type, and for condos, what the master policy and reserves look like. These are the numbers that decide whether a home is affordable in year five.

We are not insurance agents, and this guide is general information rather than advice on your policy. For that, talk to a licensed Hawaii agent. We can tell you what to ask them.

Scan to Book a Time Here