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GOVERNOR OF
HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WATER AND LAND**

**Friday, February 2, 2018
2:46 PM
State Capitol, Conference Room 224**

**In consideration of
SENATE BILL 2635
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

Senate Bill 2635 proposes to: (1) Require owners of vessels that are required to register with the State to obtain vessel coverage; (2) Specify the types of insurance coverage required; (3) Exempt certain vessels from the mandatory insurance coverage requirement; and (4) Authorize the Chairperson of the Board of Land and Natural Resources to adopt administrative rules concerning mandatory vessel insurance. **The Department Land and Natural Resources (Department) strongly supports this measure.**

Most states, including Hawai'i, require vessel operators to maintain a minimum insurance coverage amount if mooring their boats in a state facility. In 2009, the Department began requiring mandatory insurance coverage as a condition of obtaining a mooring permit for state small boat harbors. Although the number of uninsured vessels has decreased as a result of this requirement, there are still a significant number of vessels that are not required to maintain insurance coverage because they do not hold a mooring permit for a state small boat harbor. Despite not being required to maintain insurance coverage, these vessels may still use launch ramps to access ocean waters and may still operate on waters of the State.

There are currently two other states that have enacted mandatory vessel insurance laws that apply to all recreational vessels being operated on the waters of those states: Arkansas and Utah. In Arkansas, all motorboats more than 50 horsepower and all thrill craft must be covered by a liability insurance policy providing at least \$50,000 of liability coverage. In Arkansas, it is illegal to operate a thrill craft without the required minimum insurance coverage. In Utah, all motorboats 50 horsepower and greater, except airboats, and all thrill craft are required to carry owner's or operator's liability insurance when operated on Utah waters. Utah's boat insurance policy requires the following minimum coverage amounts: \$25,000 for bodily injury per person; \$50,000 for total bodily injury if multiple people are hurt in the accident; and \$15,000 for

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
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DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

property damage. It is illegal to operate a thrill craft on Utah waters without the required minimum insurance coverage.

While Arkansas and Utah aim to mainly address insurance coverage for injuries and property damage, this measure will allow the Department to address injuries, property damage, and the equally important issue of removal costs for grounded and sunken vessels. An insurance policy providing hull removal coverage will ensure coverage in the event of a grounding or sinking, but lack of hull removal coverage results in costs being passed onto the State.

Since 2002, the Department has expended over \$2.2 million from the boating special fund to address vessels aground, derelict vessels, and abandoned vessels in waters of the State. Requiring owners of all vessels operating in or on the waters of the State to obtain insurance would greatly reduce the resources that the Department must expend to remove a grounded or sunken vessel and ensure the owner's insurance company would pay for the removal. Also, the insurance required by this measure would cover incidents that may occur when utilizing a launch ramp or other state facility.

Thank you for the opportunity to comment on this measure.

SB-2635

Submitted on: 1/31/2018 12:13:29 PM

Testimony for WTL on 2/2/2018 2:46:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Hawaiian Civic Club of Honolulu	Support	No

Comments:

I support requiring owners of vessels to register with the State to obtain vessel insurance and authorize the chairperson of the board of land and natural resources to adopt administrative rules concerning mandatory vessel insurance.

SB-2635

Submitted on: 1/30/2018 3:46:06 PM

Testimony for WTL on 2/2/2018 2:46:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rob Johnson		Oppose	No

Comments:

I am the owner of a 15' inflatable boat that is used every weekend. It is registered and all safety requirements are followed. I feel it is unfair to require all boats under 16' to have mandatory insurance. This boat is less than 100 pounds but does have a motor. We can currently use upto a 9.9hp motor but use a electric motor to see the island. This is a pleasure craft. Transported on the top of my truck. No trailer is needed. Insurance would cost more than the boat it self. Small boats are not the issue with getting stuck on the reef. Boats larger than 16 feet are the ones that we hear of on the reefs that are the issue. Small boat owners protect the water and they play in weekly. We pick up trash we see floating. We don't dump in the ocean. If you require insurance for class A boats meaning less than 16' and less than 10hp motor then you would be creating an economic burden to small boat owners. Most of the locals barely scrape by to make a living. Don't make it economically unfeasible to enjoy the waters we love and call home. This is for familys to enjoy on the weekends. Please oppose this bill as it directly targets low income families.

SB-2635

Submitted on: 1/31/2018 7:23:21 AM

Testimony for WTL on 2/2/2018 2:46:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shyla Moon		Oppose	No

Comments:

Majority vessels that are troublesome when grounded are larger vessels and not small vessels.

SB-2635

Submitted on: 2/1/2018 10:57:26 AM

Testimony for WTL on 2/2/2018 2:46:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Carl M Jellings Sr	Fishermen	Oppose	No

Comments:

Strong Opposition

Again the responsible pay for the lack of good judgement by others.