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# A BILL FOR AN ACT

RELATING TO MANDATORY VESSEL INSURANCE COVERAGE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that owning and operating  
2 a recreational vessel can provide many hours of enjoyment and  
3 can be a source of income as well as a way to harvest food from  
4 the ocean. However, there are many responsibilities and  
5 potential hazards that accompany vessel operation, including the  
6 elements, other vessels, and the risk of a vessel grounding or  
7 sinking. Vessels are a serious investment and can create  
8 significant costs in the event of an unexpected accident.

9           Since 2002, the department of land and natural resources,  
10 division of boating and ocean recreation has expended in excess  
11 of \$2,200,000 from the boating special fund to address vessels  
12 aground, derelict vessels, and abandoned vessels in waters of  
13 the State. In addition to environmental damage from grounded  
14 vessels, the State sometimes incurs all costs involved in  
15 removing a grounded vessel if the vessel is uninsured. The  
16 State has no way to recoup most of these costs because a  
17 significant number of grounded vessels are uninsured.



1 Since 2009, the division of boating and ocean recreation  
2 has required mandatory insurance for vessels moored in state  
3 small boat harbors as a condition of obtaining a mooring permit  
4 but has no mechanism for addressing insurance concerns, in  
5 particular, for the numerous trailered vessels that are not  
6 stored on property of the department or in a state facility.

7 The legislature finds that mandatory insurance coverage for  
8 all vessels required to be registered with the State and all  
9 vessels required to be documented by the United States Coast  
10 Guard operating in and on state ocean waters will help to ensure  
11 that in the event of injury to another person, damage to  
12 property, a grounding, or a sinking, the registered boat owner's  
13 insurance policy will be able to remedy any related costs.

14 The purpose of this Act is to require vessel owners  
15 operating a vessel required to be registered with the State or  
16 required to be documented by the United States Coast Guard in or  
17 on the waters of the State to obtain vessel insurance.

18 SECTION 2. Chapter 200, Hawaii Revised Statutes, is  
19 amended by adding a new section to be appropriately designated  
20 and to read as follows:



1           "§200- Vessel insurance. (a) All vessel owners who  
2 operate a vessel in and on state ocean waters shall obtain  
3 marine insurance coverage for:

4           (1) Vessels required to be registered pursuant to section  
5           200-31(a); and

6           (2) Vessels operated in state ocean waters with a valid  
7           documentation number from the United States Coast  
8           Guard.

9           (b) Marine insurance coverage required by this section  
10 shall have a combined single limit of not less than \$  
11 per occurrence, in such a form and content as to ensure that  
12 removal and salvage of a grounded vessel are covered.

13           (c) A transient vessel, except when moored in a state  
14 small boat harbor, offshore mooring area, or other facility  
15 under the jurisdiction of the department, shall be exempt from  
16 the marine insurance coverage requirement of this section for no  
17 more than ten business days after arriving in state ocean  
18 waters. "Transient vessel" means any vessel visiting the State  
19 for a period of less than ninety days.

20           (d) The department may adopt rules to carry out the  
21 purpose of this section."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Mandatory Vessel Insurance; State Small Boat Harbors

**Description:**

Requires owners of certain vessels that operate in and on state ocean waters to obtain marine insurance coverage of a specific type and amount. Provides a limited exemption for transient vessels. Authorizes the DLNR to adopt administrative rules concerning marine insurance. (HB1033 HD1)

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