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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 insurance for vessels moored in state small boat  
3 harbors as a condition of obtaining a mooring permit but has no  
4 mechanism for addressing insurance concerns, in particular, for  
5 the numerous trailered vessels that are not stored on property  
6 of the department or in a state facility.

7           The legislature finds that vessel insurance coverage helps  
8 to ensure that in the event of injury to another person, damage  
9 to property, a grounding, or a sinking, the registered boat  
10 owner's insurance policy will be able to remedy any related  
11 costs.

12           The purpose of this Act is to require certain vessel owners  
13 operating a vessel required to be registered with the State or  
14 being operated in state ocean waters with valid documentation  
15 from the United States Coast Guard, and certain grounded  
16 vessels, to obtain vessel insurance.

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



1        "§200- Vessel insurance. (a) This section shall apply  
2 to all owners of vessels originally manufactured at a length of  
3 twenty-six feet or more that are:

4        (1) Required to be registered pursuant to section  
5        200-31(a); or

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

9 provided that this section shall also apply to owners of vessels  
10 originally manufactured at a length of less than twenty-six feet  
11 only if the owner was or is the registered owner of a grounded  
12 vessel located anywhere in the State or state ocean waters.

13        (b) All owners of vessels subject to this section pursuant  
14 to subsection (a) shall obtain insurance coverage with a limit  
15 of not less than \$100,000 per occurrence, in such a form and  
16 content as to ensure that removal and salvage of a grounded  
17 vessel are covered. A vessel owner may provide alternative  
18 proof of insurance, acceptable to the department, to comply with  
19 this section.

20        (c) The board of land and natural resources may grant an  
21 exemption from the marine insurance coverage requirement of this



1 section for a transient vessel not moored in a state small boat  
2 harbor, offshore mooring area, or other facility under the  
3 jurisdiction of the department; provided that the board finds  
4 that there is good cause and that there are extraordinary  
5 circumstances necessitating the exemption.

6 (d) The department may adopt rules to carry out the  
7 purpose of this section.

8 (e) For the purposes of this section:

9 "Grounded vessel" means a vessel that made contact with the  
10 bed of a body of water and cannot move from the position under  
11 its own power.

12 "Transient vessel" means any vessel visiting the State for  
13 a period of less than ninety days."

14 SECTION 3. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on December 31,  
16 2050.



**Report Title:**

Mandatory Vessel Insurance; State Small Boat Harbors

**Description:**

Requires owners of vessels originally manufactured at a length of 26 feet or more, or less than 26 feet if the vessel is grounded, who are required to be registered with the State or required to be documented by the United States Coast Guard, to obtain marine insurance. Specifies the type and minimum amount of marine insurance coverage required. Allows the Department of Land and Natural Resources to exempt certain transient vessels from the marine insurance requirement, under certain conditions. Authorizes the Department to adopt administrative rules concerning marine insurance. Takes effect 12/31/2050. (SD1)

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