



**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**

**Monday, March 18, 2019
1:15 P.M.
State Capitol, Conference Room 229**

**In consideration of
HOUSE BILL 1033, HOUSE DRAFT 2
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

House Bill 1033, House Draft 2 proposes to: (1) Require owners of vessels that are required to register with the State, or that operate a U.S. Coast Guard documented vessel in state waters, 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) offers the following comments and recommends adopting the Senate position in Senate Bill 1259, Senate Draft 1.**

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

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

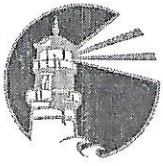
While Arkansas and Utah aim to mainly address insurance coverage for injuries and property damage, this measure will allow the Department to address injuries, property damage, and the equally important issue of removal costs for grounded and sunken vessels. An insurance policy providing hull removal 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 recorded 373 vessels, either grounded, sunk, or abandoned, that it would have been responsible for. Of those 373 vessels, the Department's Division of Boating and Ocean Recreation (DOBOR) removed 91 vessels and expended \$2,263,440.45 from the boating special fund to address the 91 vessels because the vessels were uninsured.

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. The Department consulted with insurance providers and determined that the average price of insurance coverage that would comply with the requirements of this measure is about \$1,000 annually.

After consultation with the Department of Accounting and General Services, Risk Management Office and in response to questions and comments received, the Department recommends that this measure be amended to adopt the Senate position in Senate Bill 1259, Senate Draft 1.

Thank you for the opportunity to testify on this measure.



COMMITTEE ON WATER AND LAND

Senator Kaiali'i Kahele, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

NOTICE OF HEARING

LATE

DATE: Monday, March 18, 2019
TIME: 1:15 P.M.

**TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT OF HB1033HD2
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

Aloha Chair Kahele, Vice Chair Keith-Agaran, and Members of WTL Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC),
**speaking in SUPPORT to HB 1033HD2 Relating to Mandatory Vessel Insurance
Coverage.**

The OTC represents over 300 small ocean tourism businesses state wide. Most of
these are family businesses which are locally owned and operated. All of them
operate from State Boating Facilities managed by DLNR/DOBOR. They also carry
at least \$1,000,000 insurance with DLNR listed as additionally insured.

In light of the continual expense of removing vessels that run aground from
various reefs around the State caused by uninsured vessels and that these monies
come directly out of the DOBOR Boating Fund which impacts DOBOR's ability to
manage and maintain State Boating Facilities, it seems very reasonable to expect
any owner of a vessel to be used on State Waters be insured.

We support the intent of HB1033, HD2.

Sincerely,

James E. Coon, President OTC

HB-1033-HD-2

Submitted on: 3/17/2019 10:37:21 AM

Testimony for WTL on 3/18/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Roy N Morioka	Individual	Comments	No

Comments:

Honorable Chair Kahele, V-Chair Agaran and Members of the SenateWTL Committee:

May I please offer a comment to amend the proposed language to also exempt registered trailerboats from this requirement as their probability to long term grounding is negligilble.

Mahalo for your considreation,

Roy Morioka