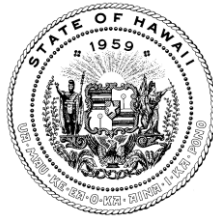


DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

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

**ROBERT K. MASUDA**  
FIRST DEPUTY

**M. KALEO MANUEL**  
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

**Testimony of**  
**SUZANNE D. CASE**  
**Chairperson**

**Before the Senate Committees on**  
**WATER AND LAND**  
**and**  
**WAYS AND MEANS**

**Monday, February 25, 2019**  
**10:00 A.M.**  
**State Capitol, Conference Room 211**

**In consideration of**  
**SENATE BILL 1259**  
**RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

Senate Bill 1259 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) strongly supports this Administration measure and recommends amendments.**

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 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, the Department recommends the words "combined single" be removed from SECTION 2(b). Additionally, in response to questions and comments received, the Department recommends that the mandatory vessel insurance minimum be set at \$100,000, that the measure allow for a person to obtain an alternative insurance acceptable to the department, and that the mandatory vessel insurance requirement only apply to vessels greater than 18 feet in length. The Department recommends amending SECTION 2 to read as follows:

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

"§200- **Vessel insurance.** (a) All owners of vessels originally manufactured at a length greater than eighteen feet, who operate their vessel in and on state ocean waters shall obtain marine insurance coverage if:

(1) The vessel is required to be registered pursuant to section 200-31(a); or

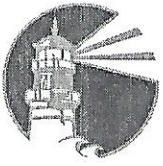
(2) The vessel is being operated in or on state ocean waters with a valid documentation number from the United States Coast Guard.

(b) Marine insurance coverage required by this section shall have a limit of not less than \$100,000 per occurrence, in such a form and content as to ensure that removal and salvage of a grounded vessel are covered. A vessel owner may provide an alternative proof of insurance, acceptable to the department, to comply with this section.

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

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

Thank you for the opportunity to comment on this measure.



# Ocean Tourism Coalition

*The Voice for Hawaii's Ocean Tourism Industry*  
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## COMMITTEE ON WATER AND LAND

Senator Kaialii Kahele, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

## COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

**LATE**

### NOTICE OF HEARING

DATE: Monday, February 25, 2019  
TIME: 10:00 A.M.  
PLACE: Conference Room 211

### **TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT OF SB1259 RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

Aloha Chair Kahele, Chair Dela Cruz Vice Chair Keith-Agaran, and Members of WTL/WAM Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC), speaking in **SUPPORT** of **SB 1259** 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/DOBOR 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 SB1259.

Sincerely,

James E. Coon, President OTC

**SB-1259**

Submitted on: 2/23/2019 9:41:06 AM

Testimony for WTL on 2/25/2019 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kurt Kawamoto	Individual	Oppose	No

## Comments:

The amount of insurance required does not take into account the range of sizes of the vessels that are active in Hawaii. I have a small 12 foot boat and the required amount is excessive. On top of that to have transient vessels be exempt is a slap in the face.

**LATE**

**SB-1259**

Submitted on: 2/24/2019 3:23:21 PM

Testimony for WTL on 2/25/2019 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ron Dellinger	Individual	Oppose	No

Comments:

I sincerely and strongly "OPPOSE" SB1259. Allow me to point out that DLNR's reasoning in their Letter (Susan Case) supporting SB1259 illustrates that they are concerned with moorings in State Harbors, derelict boats , groundings and abandoned vessels. There is very little association of these problem issues with the Recreational boater / fishermen using the State launch facilities. The focus should be centered on having adequate insurance coverage for all vessels moored in State waters and Harbors. Not vessels being trailered and launched from State harbors, which generally involve boats less than 26 feet in length. The recreational boaters already pay their fair share in fees and licenses to support the State facilities they occasionally use, and yet the facilities are in horrible disrepair. Enough is enough!

It is imperative to recognize that the commercial vessel that went aground in Waikiki prompted this proposed bill SB1259; however this bill specifically "Exempts" similiar transient vessels from having insurance. What a brilliant example of flawed logic. Begs the question, "What were they thinking"?

Sincerely,

Ron Dellinger

**SB-1259**

Submitted on: 2/25/2019 6:16:07 AM

Testimony for WTL on 2/25/2019 10:00:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Charlene Dierking	Individual	Oppose	No

Comments: