



Senate Committee on Transportation and Culture and the Arts
3:01 pm, February 6, 2024

Re: Support for SB 2747, Relating to Aircraft

Aloha Chair Lee, Vice Chair Inouye and Members of the Committee,

We are writing to support SB 2747, Relating to Aircraft. This bill requires the Director of Transportation to adopt rules that require tour aircraft operators to have aircraft liability insurance coverage not less than \$1,000,000 per person per incident.

Blue Hawaiian continues to support safety in the industry, and we firmly believe that adequate insurance coverage is the right thing to do for the customer and community. We note that this bill will likely need to be amended to apply to all aviation and we strongly recommend setting the minimum insurance coverage amounts at a level commensurate with those at other airports.

Our aircraft are equipped with technologies and equipment like Helicopter Terrain Awareness and Warning Systems (HTAWS), automatic dependent surveillance-broadcast (ADS-B), aircraft floats and upgraded with the newest GARMIN glass-cockpit avionics to exceed the federal regulatory requirements for helicopter air tour safety. To further that commitment, Blue Hawaiian Helicopters is the only air tour operator in Hawaii to be a member of the Tour Operators Program of Safety, as well as to also have a Voluntary FAA Safety Management System (SMS) implementation program and an accepted and approved Voluntary FAA Aviation Safety Action Program (ASAP).

We believe that increased aviation insurance requirements will promote increased adoption of technology, equipment, and programs that increase safety.

We look forward to engaging with policy leaders and wish to be a resource to the legislature.

Thank you for the opportunity to testify in support of this measure.

**TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN SUPPORT WITH
COMMENTS FOR SB 2747**

Hearing Date: Tuesday February 6, 2022

Time: 3:01 p.m.

My name is Evan Oue and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) providing **COMMENTS** on SB 2747, Relating to Aircraft.

HAJ supported the previous version of the bill as it required tour aircraft operators to have commercial general liability insurance coverage of at least \$1,000,000. Sufficient insurance coverage is vital to protecting our residents if they suffer: 1) bodily injury and death; or 2) property damage from an incident involving tour aircraft operations.

Unfortunately, the insurance requirements for the measure were removed from the previous version of this measure.

Requiring insurance coverage has become increasingly necessary given recent incidents involving helicopter crashes which resulted in catastrophic injury, loss of life, and substantial property damage. For example, the Kailua helicopter crash killed all who were onboard, and the wreckage fell onto a Kailua neighborhood. These tour aircraft operators conduct flights in airspace over our local residential neighborhoods and need to have proper insurance minimums in place to assure that their passengers, along with Hawaii residents are properly compensated if there is an incident that result in bodily injury or death.

HAJ supports that the \$1,000,000 in minimum general liability insurance coverage to assure that residents can be properly compensated. The current minimum insurance coverage is far too low for as many of these operators employ is less than the auto or home coverage of

many of the legislative members reviewing this bill. Furthermore, many of these operators are a part of Hawaii's tourist industry, and many tourists may not be aware how low the current Hawaii's insurance minimums are for these operators.

HAI appreciates the legislature's commitment to assuring that there is sufficient recourse for injuries resulting from commercial activities in Hawaii. Thank you for allowing us to testify regarding this measure. Please feel free to contact us should you have any questions or desire additional information.



Senate Committee on Transportation and Culture and the Arts
Hawaii State Legislature

Tuesday, February 6, 2024

RE: Senate Bill 2747 - Oppose

Dear Senator Lee and members of the committee:

As the leading general aviation membership organization in the United States and the largest international vertical flight association, the Aircraft Owners and Pilots Association (AOPA) and the Helicopter Association International (HAI) oppose SB 2747. This legislation is not aligned with the interests of our pilots and aircraft owners in Hawaii.

SB 2747, in its current form, mandates tour operators to obtain commercial general liability insurance coverage of at least \$1,000,000.

Federal Aviation Administration (FAA) Compliance

The bill requires tour operators operating at airports under the state's control to provide verification of general liability insurance coverage. Requiring insurance that is not readily available at a reasonable cost to operators, as well as creating for on air tour operators that are not imposed upon other operators, would be deemed by the Federal Aviation Administration (FAA) to be a violation of the grant assurances the state agreed upon prior to accepting federal Airport Improvement Program (AIP) funds. As the Committee is aware, noncompliance of grant assurances places the airport system at risk of losing millions of dollars in annual federal funding. Likewise, the bill appears to be an effort to regulate the safety of aircraft operations. Independent of and in addition to the AIP-based assurances, the FAA has the exclusive authority to address aircraft safety; as a result, the bill is federally preempted.

Operational Impact

The legislation's demand for insurance coverage exceeding \$1,000,000 per person per incident could have significant financial implications for tour operators. This mandated coverage might lead to increased operational costs, potentially jeopardizing the financial viability of tour operators. Furthermore, if enacted, the bill's proposed effective date of July 1, 2024, provides inadequate time for operators to implement necessary changes, thereby placing an undue burden on their ability to comply with the new regulations.

It is imperative that any regulator and airport sponsor recognize that insurance can be subjective, and limits and policies must be such to not create an unlevel playing field amongst the tenants and operators, where it unreasonable competitive disadvantages can be forced thru such a policy.

The insurance market has been volatile for a variety of reasons, with premiums increasing dramatically, but limit requirements should be "at market" to what is competitively available and meets reasonable risk mitigation protection for the operators and end user clients.



HAI and AOPA are committed to serving as a resource to the Hawaii State Legislature, offering insights and solutions that consider the concerns of all stakeholders. We urge the state to explore alternative avenues to address their concerns, ensuring that any proposed legislation aligns with FAA policies and avoids unintended consequences.

We remain available for further discussion and collaboration.

Sincerely,

Katia Veraza
Manager of Government Affairs – HAI

Jared Yoshiki
Western Pacific Regional Manager - AOPA

SB-2747

Submitted on: 2/5/2024 6:43:50 AM

Testimony for TCA on 2/6/2024 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Shannon	Individual	Support	Written Testimony Only

Comments:

I rise in support