

ACT 94

H.B. NO. 1033

A Bill for an Act Relating to Mandatory Vessel Insurance Coverage.

Be It Enacted by the Legislature of the State of Hawaii:

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

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

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

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

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

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) This section shall apply to:

- (1) All owners of vessels originally manufactured with a length of twenty-six feet or more that are:
 - (A) Required to be registered pursuant to section 200-31(a); or
 - (B) Operated in state ocean waters with a valid documentation number from the United States Coast Guard; and
- (2) Owners of vessels originally manufactured with a length of less than twenty-six feet who were or are the registered owner of a grounded vessel located anywhere in the State or state ocean waters.

(b) All owners of vessels subject to this section pursuant to subsection (a) shall obtain insurance coverage with a limit of not less than \$100,000 per occurrence, in a form and content to ensure that removal and salvage of a grounded vessel are covered; provided that the vessel owner may provide alternative proof of insurance, approved by the department, to comply with this section.

(c) The board of land and natural resources may grant an exemption from the marine insurance coverage requirement of this section for a transient vessel not moored in a state small boat harbor, offshore mooring area, or other facility under the jurisdiction of the department; provided that the board finds that there is good cause and that there are extraordinary circumstances necessitating the exemption.

(d) The department shall adopt rules pursuant to chapter 91 to carry out the purposes of this section.

(e) For the purposes of this section:

“Grounded vessel” means a vessel that made contact with the bed of a body of water and cannot move from the position under its own power.

“Transient vessel” means any vessel visiting the State for a period of less than ninety days.”

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on December 31, 2019.

(Approved June 7, 2019.)

Note

1. Edited pursuant to HRS §23G-16.5.