

JAN 19 2018

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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 grounding the vessel.  
7 Vessels are a serious investment and can create significant  
8 costs in the event of an accident or grounding.

9           In addition to environmental damage from grounded vessels,  
10 the State sometimes incurs all costs involved in removing a  
11 grounded vessel if the vessel is uninsured: since 2002, the  
12 department of land and natural resources, division of boating  
13 and ocean recreation, has expended over \$2,200,000 from the  
14 boating special fund to address grounded, abandoned, and  
15 derelict vessels in state waters. In 2009, the department of  
16 land and natural resources began requiring mandatory insurance  
17 for vessels moored in state harbors as a condition of obtaining



1 a mooring permit. This has helped reduce costs, but a  
2 significant number of vessels remain uninsured. Currently,  
3 there is no mechanism for addressing insurance concerns for the  
4 numerous trailered vessels that are not stored on property of  
5 the department.

6 The legislature finds that mandatory insurance coverage for  
7 vessels operating in state waters will help to ensure that in  
8 the event of a boating accident or a grounding, the registered  
9 boat owner's insurance policy will be able to remedy any related  
10 costs. The purpose of this Act is to:

- 11 (1) Require vessel owners operating a vessel in or on the  
12 waters of the State to obtain vessel insurance; and
- 13 (2) Authorize the chairperson of the board of land and  
14 natural resources to adopt administrative rules  
15 concerning mandatory vessel insurance.

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

19 "§200- Vessel insurance. (a) All owners of vessels  
20 required to be registered pursuant to section 200-31(a) shall



1 obtain a vessel insurance policy upon such vessel; provided  
2 that:

3 (1) Policies for class A motorboats, as defined in title  
4 46 Code of Federal Regulations section 90.10-23, shall  
5 include general liability coverage that meets the  
6 minimum insurance coverage amount required by the  
7 department of accounting and general services, risk  
8 management office; and

9 (2) Policies of all other vessels not included in  
10 paragraph (1) shall include general liability coverage  
11 and coverage for vessel removal in the event the  
12 vessel runs aground or is otherwise stranded, that  
13 meet the minimum insurance coverage amounts required  
14 by the department of accounting and general services,  
15 risk management office.

16 (b) The following are exempt from this section:

17 (1) Vessels exempt from registration requirements pursuant  
18 to section 200-31(a)(4); and

19 (2) Transient vessels, as defined in section 13-230-8,  
20 Hawaii Administrative Rules, except when moored in  
21 state small boat harbors, offshore mooring areas, or



1           other facilities under the jurisdiction of the  
2           department's division of boating and ocean recreation.  
3           (c) The chairperson may adopt rules to carry out this  
4 section."

5           SECTION 3. New statutory material is underscored.

6           SECTION 4. This Act shall take effect upon its approval.

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# S.B. NO. 2635

**Report Title:**

Department of Land and Natural Resources; Mandatory Vessel Insurance; Removal

**Description:**

Requires owners of vessels that are required to register with the State to obtain vessel insurance. Specifies the types of insurance coverage required. Exempts certain vessels from mandatory insurance requirement. Authorizes the chairperson of the board of land and natural resources to adopt administrative rules concerning mandatory vessel insurance.

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