

# BOAT INSURANCE

Protect yourself, protect others.

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## Special Note:

The information presented herein is based on the actual terms and coverage of a specific policy, held by the author, on his boat from Geico Insurance Company.

Coverages vary between different carriers and policies and so this presentation should not be construed to be accurate for every policy. This presentation is intended to merely educate the audience in some coverages that are available in the industry today and is not intended to cover every possible coverage of every insurance policy.

It is important that everyone read their entire policy to become familiar with the actual coverages affecting them and their boat.



# What is insurance?

A contract between the insurance company, hereinafter referred to as Co., and the insured, which states specific obligations of each party.

## Obligations of the Insured:

1. To pay the premium
2. To notify Co. of any modifications to hull or engines
3. To notify Co. if vessel is moved from insured coverage area
4. To notify Co. of incident or event which caused loss, damage or injury

## Obligations of the Company:

1. To cover the insured for damage or loss to hull, engine or equipment as a result of an incident which may be covered under the policy and/or to pay a third party for injury as a result of an incident that is covered under the policy.



# Two Types of Coverages (Property and Liability):

## 1. Property

Co. will pay for **sudden, direct and accidental property damage** to hull and covered equipment, including theft or vandalism to boat and its dinghy.

### In Case of Loss:

1. Insured must take all reasonable and necessary steps to prevent further loss.

Co. will pay for expenses to prevent further loss but not insured's labor.

If insured fails to take reasonable and necessary steps, Co. will not pay for additional loss that could have been reasonably avoided.

2. Provide prompt notice of loss with names of witnesses and insured parties.

3. Promptly notify law enforcement agency, where appropriate.

4. Provide access and documents to Co.

5. Assume no obligation, admit no liability and incur no expense other than reasonable and necessary to protect property from further loss.

# Some Covered Events:

Sinking

Grounding

Vandalism







Scratch to hull  
from hitting  
another  
boat/object

## More Covered Events:

Fire

Theft





### Property Exclusions:

Wear and tear, gradual deterioration, rot, weathering, electrolysis, stray electrical current, vermin, animals, marine life, mechanical breakdown, overheating, unless as it may apply to consequential damage from fire, explosion, sinking, collision or stranding.

Ice or freezing  
Mold or mildew  
Marring or scratching  
Blistering or delamination  
Faulty repair  
An intentional act by the insured  
Liability for wages to crew  
Loss of use  
Personal labor





## Additional Property Exclusions:

### Personal Items:

Fishing/scuba gear, Clothing, Portable radios/TV's, Smart phones, tablets  
Consumables, food, beverages, Computer and software

### Personal Effects Coverage: if listed on Dec page

Co. will pay replacement cost, up to covered amount, for all personal effects, as result of a sudden or direct accident. Includes only property on boat, being loaded onto or off from boat, or stored in dock box adjacent to boat including cost of box. Includes jewelry, currency, valuable papers, collectibles, animals, boating equipment and PWC and consumables.

Who is covered? – Insured, family members and those operating the boat with permission without compensation.





## Property Limits of Insurance:

Insured Value – If newly acquired boat, will be verifiable purchase price up to \$250,000. Boating equipment limited to 10% of boat value. This value remains until cancelled or revised by Co.

### **IF TOTAL LOSS:**

Co. will pay insured value. If insured purchases a new boat within 12 months of manufacture date, and if total loss is within 48 months of previous boat purchase, can purchase new boat and Co. will pay up to 120% of policy insured value. (*interesting fact*)

No deductible on total loss, except:

Loss from named storm – deductible is greater of deductible on declaration page, \$1,000 or 5% of insured value.

Loss from theft of boat or any equipment – deductible is greater of 2x Dec page limit or \$500.



## **IF PARTIAL LOSS:**

### **AGREED VALUE:**

Co. will pay to repair or replace damaged parts. Sails, carpeting, cushions over 6 years and outboards, outdrives and generators over 11 years will be depreciated but by no more than 20% (less deductible).

*or*

### **ACTUAL VALUE:**

Co. will pay to repair or replace damaged parts, less depreciation which will not exceed 80% (less deductible).

*Note – check your policy, is it “Agreed Value” or “Actual Value” There could be a huge difference in how much \$\$ you recover.*



# Hurricane Prep Coverage

If a tropical storm or hurricane watch warning is issued for location of an insured boat, Co. will pay 50%, up to \$1,000, to have boat:

- moved by a professional,
- hauled out or
- execution of a hurricane plan

(haul, blocking, lashing to ground anchors, power washing and relaunch)





## 2. LIABILITY COVERAGE

The Co. will pay for any liability, up to amount stated on Dec page, assessed against insured that becomes legally liable. Will also pay for attorney to defend (in addition to liability amount).

Who is covered? Insured, family members and those operating the boat with permission without compensation.

### Operating Someone Else's Boat :

Co. will pay for insured and family member while operating someone else's boat, except will not cover property damage. Will pay only after other boat's insurance is used up. Covers PWC and rented boat.







# Some Types of Liability Coverage

Collision – damage to another's boat or injury



Wake – damage to another's boat or injury to person



# Liability Exclusions

- Bodily injury of the insured
- Bodily injury incurred while boat is being transported on land
- Injury arising out of insured, or other person, parasailing, kite skiing, hoverboarding, flyboarding or any other activity designed to become airborne from an insured boat.
- Punitive damages, fines, penalties or defense costs in criminal or civil violation.
- Bodily injury from a pet.
- Injury related to discharge, leakage or spillage of petroleum products or chemicals.
- Claims of captain or crew which would be covered under workers compensation.
- Injury to scuba divers from the time they leave to the time they return to insured boat.
- Injury or property damage from operating an aerial drone.



## Medical Payment Coverage

The Co. will pay up to the Dec. page limit for medical expenses incurred within 3 years from the date of an occurrence involving bodily injury while injured is on, boarding or leaving an insured boat.

(same exclusions as liability)



# Fuel Spill

Co. will pay up to the Dec. page limit for containment, clean-up, property damage resulting from a fuel spill from an insured boat. Co. will settle or defend any claim made against the insured.

Coverage will not apply if:

Insured fails to report the incident

Spill results from boat being transported on land.

It is result of an intentional act.

Punitive, penalties or cost to defend criminal or civil charges.







# Uninsured Boater

Co. will pay damages an insured is legally entitled to recover from an uninsured boater because of bodily injury resulting from physical contact between an uninsured boat and an insured boat.





# General Provisions

- Right to recover – the Co. may attempt to recover from other responsible parties and insured cannot hinder their right.
- Cancellation – insured, or Co., may cancel at anytime on written notice.
- Period – applies only to losses occurring during policy period (not when claims are made)
- Private Pleasure Limit – no coverage for chartering, renting, commercial use or any other non-private pleasure use of boat.
- Transfer of Interest – coverage terminates if you abandon, lease or sell boat.
- Seaworthiness Warranty – insured warrants that the boat is in seaworthy condition.

## General Exclusions:

No coverage while engaged in racing.

No coverage for amphibious vehicles while on land.

No coverage for damage or loss caused by government seizure.



# Endorsements

**Ice and Freeze Coverage** – no exclusion for damage if winterized in accordance with the manufacturer's specifications by a commercial marine facility or if stored in a heated facility.

**Medical Payment Supplement** – In addition to the amount of the Dec page, an additional \$25,000 per person is available for claim made by the insured or family.

**Repair Guarantee** – If damage from a covered loss is repaired by facility approved by the Co., cost to repair defective or faulty workmanship will be covered with no deductible.

**Boat Storage & Slip Rental** – If insured signs an agreement that makes him liable for attorney's fees and litigation costs of other party, these costs will be covered by the Co.



## Other Coverages Available Not included here

Trailer coverage

Commercial Towing and Assistance

Pet Coverage

Longshore and Harbor Workers' Compensation





Thank you

