

Boat Insurance 101 & the Current Market State

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Topics

- ▶ Purchasing insurance for your boat or yacht.
 - When and from whom?
 - Current Market
- ▶ Elements of a marine insurance policy.
 - What's covered?
- ▶ Some things to look for in your policy wording
- ▶ Ask Questions!

When to Begin Looking for Insurance?

The earlier, the better!

- ▶ If financing a new boat purchase:
 - Start at the same time you are looking for financing
 - Lenders may have minimum deductible requirements
- ▶ If not financing your new boat:
 - When you narrow down your choices and can provide vessel details
 - We suggest you allow at least a week to get quotes to allow underwriter review
 - Be sure to have insurance in effect when you take ownership

Selecting an Agent

- ▶ Contact a reputable independent insurance agent who specializes in boat/yacht insurance. Marine insurance is very different than home or auto.
- ▶ Ask other boat owners for referrals
- ▶ Don't look for the lowest price – coverage is important!

Selecting an Insurance Company

- ▶ Stability and financial strength –AM Best
- ▶ Specialization
 - Ability to tailor coverage to meet your individual needs
 - Comprehensive terms and conditions
 - Underwriters who know and understand marine risks
- ▶ Claim expertise and reputation
 - Do you want to talk to an auto adjuster or a boat insurance specialist?
 - Prompt
 - Fair
 - Dispute resolution

Current Insurance Market

- ▶ 6 companies have exited the marine insurance market in the last 18 months due to profitability issues.
 - Pantaenius – Ironshore – Falvey – American Reliable – Premier – Brit
- ▶ Reaction
 - Higher Premiums
 - Harder Requirements for new customers & current
 - Smaller Capacity for CAT prone areas
 - Reduction in coverage & higher storm deductibles

Components of Marine Insurance

Hull Coverage

- Vessel
- Engine
- Electronics or equipment required for operation, navigation or maintenance of the vessel
- Will usually include the dinghy
- Salvage or Protection Against Loss
- Loss settlement – Agreed Value or ACV? Ask your agent / read your policy!
- Make sure the policy has resulting damage / consequential damage coverage included

Components of Marine Insurance

P&I (Watercraft Liability)

When you are legally obligated to pay as a result of the ownership, operation or maintenance of the insured vessel because of:

- Bodily Injury or Loss of Life
- Property Damage
- Pollution
- Usually includes Wreck Removal. Ask your agent / read your policy
- Environmental Damage? Ask your agent / read your policy

Components of Marine Insurance

Pollution

- ▶ Clean up costs or containment expenses imposed by a federal, state or local statute incurred due to the sudden and accidental discharge, spillage, leakage or emission of waste, oil, fuel, petroleum or chemical products
- ▶ OPA (Oil Pollution Act) sets current limit at \$997,100
- ▶ Is it Included in your P&I limit or in addition to P&I limit? Ask your agent / read your policy.

Components of Marine Insurance

Medical Payments

- ▶ Reasonable medical care due to Bodily Injury to persons injured while in, upon, boarding, leaving or towed behind your boat.
- ▶ Will not cover anyone injured while maintaining or repairing the boat

Components of Marine Insurance

Personal Property

- ▶ Clothing, fishing gear and equipment, sports equipment, personal electronics that belong to your or your guests.
- ▶ Usually does not include money, jewelry, furs, valuable papers or documents.

Components of Marine Insurance

Uninsured Watercraft Coverage

- ▶ For Bodily Injury sustained on board your vessel as a result of an Uninsured Watercraft

Components of Marine Insurance

Towing & Emergency Services

- ▶ Tow to the nearest place where repairs can be made
- ▶ Delivery of fuel, oil, parts or loaned battery
- ▶ Emergency Labor on the water

Components of Marine Insurance

Hurricane Haul Out Coverage

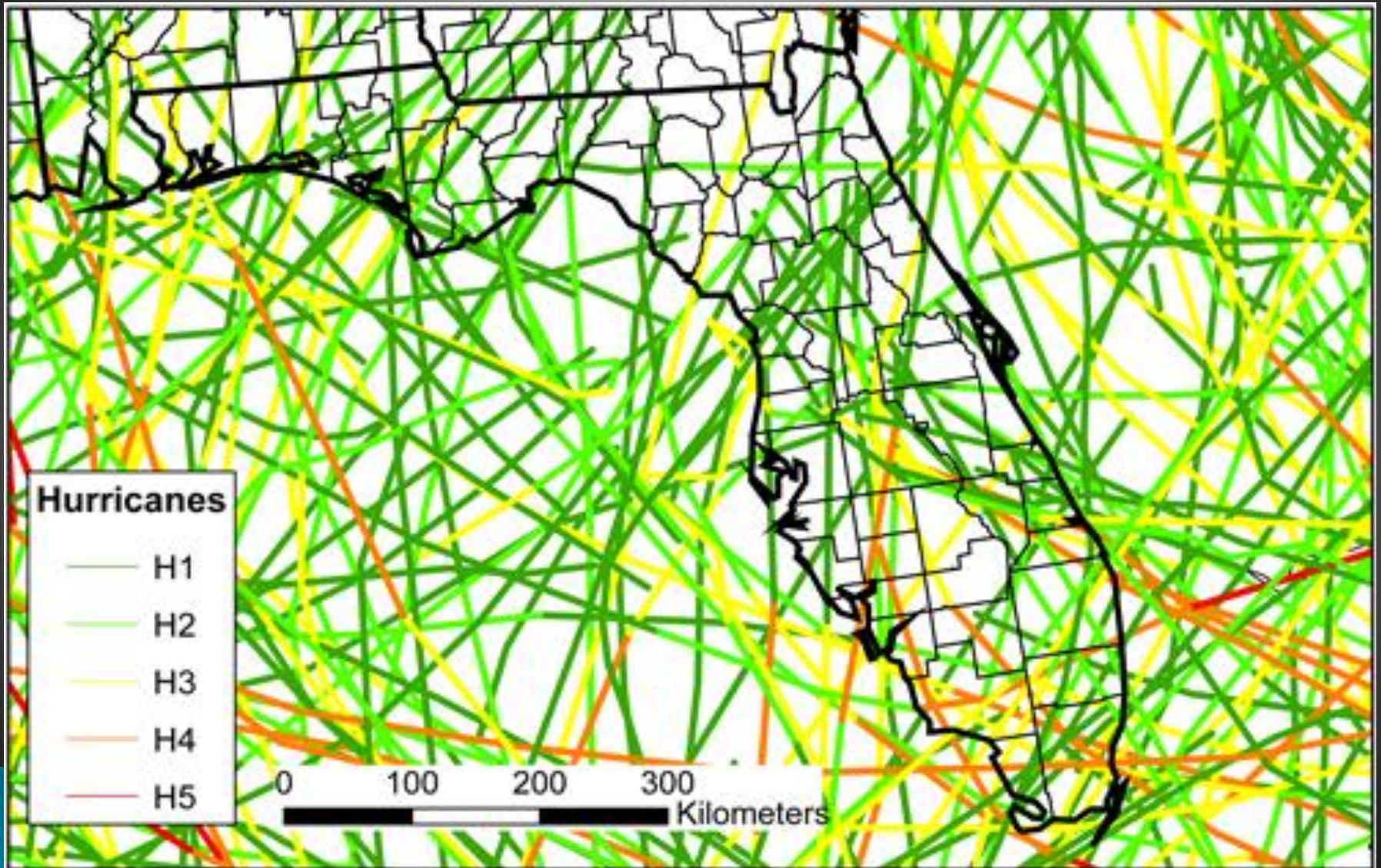
- ▶ When a Tropical Depression, Tropical Storm or Hurricane Watch or Warning for your area is issued, coverage for:
- ▶ Hauling boat out of the water
- ▶ Moving the boat to a safe harbor or further inland
- ▶ Usually costs are shared. Ask your agent / read your policy

Hurricanes

If you plan on being in a CAT area during storm season (typically June 1st to Nov 1st), consider the following:

- ▶ Some insurance companies may not allow your vessel in CAT prone areas during storm season.
- ▶ An insurance company who will allow this – will require a storm plan:
 - Who will prepare your boat for an approaching storm?
 - Where will the vessel go? What characteristics of the location help protect the vessel from wind or surge?
 - When will your storm preparations be initiated?
 - Where will everything be stored? Tender, electronics, fishing gear, sails and canvas?

Hurricane tracks from 1851 to 2006.



Things to Look for in Your Policy

1. Consequential damage (Resulting Damage)
2. Requirements during a storm
3. Partial loss payout – What's depreciated?
4. Named Storm Deductible
5. Tender / Dinghy included?

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Questions?

Thank you for having me tonight!

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