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Keys to Properly Insuring Your Watercraft



Buying a boat is no small decision. Owning a watercraft of any kind requires a lot of time and money in order to ensure that it will provide you and your family with a safe and enjoyable recreational activity. When you consider the costs associated with owning a watercraft, you need to add insurance premiums to your list.

You will want the maximum coverage available to you to be sure that you protect your original investment. Be aware that the extent of your coverage is based on your boat's size and type. The majority of insurance carriers will provide only limited coverage for property damage for small boats like canoes, small sailboats and small powerboats with less than 25 mile per hour horsepower. Such crafts are covered as part of your homeowner's or renter's insurance policy. Coverage is usually limited to 10% of the home's property value, boat, motor and trailer combined. Liability coverage is usually not included, but it can be added as an endorsement to your policy.

If you own a larger and faster boat or a yacht, you will need to buy a separate watercraft insurance policy. All personal watercraft such as jet skis and wave runners must also be written on a separate policy. The size, type and value of the vessel, as well as where you travel, are all taken into account to determine your premiums.

A separate watercraft policy includes coverage for both physical damage and liability. Policies can also include coverage for towing and service, uninsured boaters, personal property of you and your guests, additional living expenses and any precautionary measures taken to move the boat out of harm's way.

The liability portion of this type of policy covers:

- Bodily injury to another person,
- Property damage caused to someone else's property,
- Legal expenses that result from someone using the boat with your consent,
- Medical payments for injuries to you and your passengers, and
- Theft.

Larger yacht policies offer additional coverages such as bottom inspections if your yacht is stranded, marine environmental damage, replacement coverage for firearms, navigational equipment, personal watercraft, fishing tackle and fine arts that are kept on board. They offer broader navigational limits and year round navigation coverage. Navigational limits can be written to provide predefined or worldwide navigation based on your needs. The liability portion of the policy also extends to full-time paid captain and crewmembers.

Just like car insurance, carriers will offer marine policyholders discounts under certain circumstances. If you own a diesel-powered vessel, you may be entitled to a discount because these boats are considered safer to operate than gas-powered ones. Diesel fuel has less of a tendency to explode than does gas.

Coast Guard approved fire extinguishers and ship-to-shore radios on board will also merit special consideration by your insurance company. So will taking safety education courses offered by the Coast Guard Auxiliary, the U.S. Power Squadrons or the American Red Cross.

A spotless accident record on the water has the same value as a spotless driving record when it comes to discounts. Two years with no claims filed can translate into lower premiums. Policyholders who have multi-policies for a car, home and boat can obtain additional credit if their policies are with the same carrier.

Insure your watercraft and set sail this summer without any worries. After all, didn't you buy it to help you get a little rest and relaxation?

This newsletter is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice.