

DWYER INSURANCE

Boat Insurance Primer



Most companies provide limited coverage for property damage for small boats such as canoes and small sail boats or small power boats with less than 25 mile per hour horse power under a homeowners or renters insurance policy. Coverage is usually about \$1,000 or 10 percent of the home's property value and generally includes the boat, motor and trailer combined. Liability coverage is typically not included—but it can be added as an endorsement to a homeowners policy. Check with your insurance representative to find out if your boat is covered and what the limits are.

Larger and faster boats such as yachts, and personal watercraft such as jet skis and wave runners require a separate boat insurance policy. The size, type and value of the craft and the water in which you use it factor into how much you will pay for insurance coverage.

For physical loss or damage, coverage includes the hull, machinery, fittings, furnishings and permanently attached equipment as part of either an actual cash value policy or on an agreed amount value basis. These policies also

provide broader liability protection than a homeowners policy. But there are distinct differences between the two types of policies.

Actual Cash Value policies pay for replacement costs less depreciation at the time of the loss. In the event of a total loss, used boat pricing guides and other resources are used to determine the vessel's approximate market value. Partial losses are settled by taking the total cost of the repair less a percentage for depreciation.

Agreed Amount Value basis policies mean that you and your insurer have agreed on the value of your vessel and in the event of a total loss you will be paid that amount. Agreed Amount Value policies also replace old items for new in the event of a partial loss, without any deduction for depreciation.

Physical damage exclusions might include normal wear and tear, damage from insects, mold, animals (such as sharks), zebra mussels, defective machinery or machinery damage.

Boat insurance also covers:

- Bodily injury—for injuries caused to another person
- Property damage—for damage caused to someone else's property
- Guest passenger liability—for any legal expenses incurred by someone using the boat with the owner's permission
- Medical payments—for injuries to the boat owner and other passengers
- Theft

Most companies offer liability limits that start at \$15,000 and can be increased to \$300,000. Typical policies include deductibles of \$250 for property damage, \$500 for theft and \$1000 for medical payments. Higher limits may be available. Additional coverage can be purchased for trailers and other accessories. Boat owners may also consider purchasing an umbrella liability policy which will provide additional protection for their boat, home and car.

Boaters should also inquire about special equipment kept on the boat, such as fishing gear, to make sure it is covered and verify that towing coverage is included in the policy.

Boat owners should also inquire about discounts for the following:

- Diesel powered craft, which are less hazardous than gasoline powered boats as they are less likely to explode
- Coast Guard approved fire extinguishers
- Ship-to-shore radios
- Two years of claims-free experience
- Multi-policies with the same insurer, such as a car, home or umbrella policy
- Safety education courses, such as those offered by the [Coast Guard Auxiliary](#), [U.S. Power Squadrons](#), or the [American Red Cross](#).

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