



## Learn 10 Tips for Buying Boat Insurance

### Description

As an experienced boater, you're certainly familiar with boat insurance policies.



For example, if you're looking for yacht insurance, you'll probably want to know if the policy pays the agreed-upon value or the boat's actual cash value. You may also be aware of a trend similar to auto insurance in which boat insurers increasingly provide 24-hour on-water and on-road towing services—but these may not be appropriate for every boater. So you're undoubtedly aware of all of this and more.

**But how can you know what you don't know if you don't know**

## what you don't know?

We approached BoatUS, one of the nation's leading recreational marine insurers, for a list of unusual boat-insurance policy exemptions and riders that aren't generally included in standard plans. These products will increase the cost of your insurance, but they may save the day if you ever need them. Of course, we're not saying you need them, and we're not claiming this is an exhaustive list. Instead, we want you to know what to ask for when purchasing boat insurance.

### Total-Salvage Protection

Assume a storm has stranded your boat in a marsh hundreds of yards from a road or the water. (According to BoatUS, this happens to many boats during named storms.) Because equipment cannot be driven or floated across to the boat, and due to environmental rules, rescuing the boat, which may be essentially undamaged, can cost tens of thousands of dollars. Consider this coverage even if you only want to buy a basic liability policy to meet the requirements of your marina and have no interest in protecting the value of your boat—this is also something to think about for boaters in hurricane-prone areas. BoatUS advises salvage-coverage dollar limits that are different from but equal to your hull coverage. Because some companies limit salvage coverage to a tiny percentage of the policy's hull value, the boater is forced to pay for further salvage expenditures out of pocket.

### Coverage for Fuel Spills

Boaters are held liable for gasoline spilled for any cause under federal law. Oil in the bilge from a sloppy oil change may be spilled when your bilge pump kicks on or that the boat sinks in the slip, resulting in fuel or oil leaks. Whatever occurs, environmental damage assessments for fuel leaks can be almost \$1 million, and the cost of cleanup may also be charged—a fee that may dwarf the fine. Therefore, fuel-spill coverage should be explored even if you are looking for a basic liability policy. Still, it may be wiser to have separate coverage because it will likely cover more. Gasoline-spill coverage is an issue for all boats with fuel tanks, but those who travel near delicate ecosystems such as coral reefs, oyster beds, and wetlands should pay special attention to fuel-spill covering.

### Coverage for Consequential Damage

Tragedies, such as a ship sinking, are frequently caused by failing minor components. We've all heard stories about sterndrive bellows or broken through-hull fittings causing boats to sink, and some of us may have seen it firsthand. While some plans cover sinking, they exclude coverage if it occurs due to subsequent damage, such as a failing bellows or seacock. Therefore, it would help inquire about coverage for consequential damage caused by a sinking or other major disaster. Please remember that some insurance carriers' consequential-damage coverage only applies to total losses, so inquire about this. Dismasting, collisions, stranding, fire, and explosion are further instances of consequential-damage occurrences.

### Coverage for Uninsured Boaters

This boat-insurance policy is likely to sound familiar to boaters with automobile insurance because it is comparable to the uninsured motorist coverage some car drivers acquire. For the uninitiated, this provides supplementary coverage for bodily injuries aboard your boat caused by a collision with a hit-and-run boater, in which the other boater either flees without being apprehended or is operating without insurance, as the name implies. It is important to note that many boats and boaters are uninsured because boat insurance is not required in most regions.

## Medical Payments Insurance

Out-of-pocket expenses not covered by the injured person's health insurance, such as copayments and deductibles, are covered by medical payments coverage. It gives a per-person coverage limit for any injury sustained on the covered boat, regardless of fault. Many insurers limit the payout of this coverage to \$1,000, although some offer larger limits in exchange for a higher -premium. Boaters who participate in watersports such as waterskiing or wakeboarding, offshore fishing, or other boating activities where injuries are more likely to occur should pay special attention to medical payments coverage.

## Hurricane Haul-Out Protection

Okay, this is a well-known requirement for boaters in hurricane countries who keep their boats in the water, but we're adding it in the post for individuals moving to the coast from inland areas or novice boaters. In a word, this coverage reimburses a percentage of the costs associated with having the boat hauled, readied, secured, or tied down by experts, or moved by a certified captain. For example, the BoatUS Marine Insurance Program will pay up to \$1,000 in labor costs to have your boat hauled or moved, or if you are out of town, have a professional prepare your boat, and the haul-out will not penalize the policyholder. Before obtaining this coverage, we recommend getting an estimate from a boat hauler for the cost of a storm haul-out, as indicated above. Then, you'll be in a better position to decide whether you want it that way.

## Coverage for Boat Trailers

If you were in an accident while trailering your boat, your boat policy might pay for any loss-related trailer repairs (check—it is sometimes separate coverage and not included). Still, any damage caused by the trailer to other people or property would be covered by your tow-vehicle insurance. Trailer boaters, of course, are the ideal candidates for this coverage. Also, find out whether there are any geographical limitations to the coverage.

## Waiver of Partial Loss Depreciation

If you own an older boat, say, 15 or 20 years old, you'll want to learn about this coverage and decide whether it's right for you. After two years, many insurers depreciate big things like canvas, engines, generators, or sails rapidly. As a result, the "new for old" financial-advantage benefit of some insurance coverage is lost as your boat ages. If you include a partial loss depreciation waiver, you effectively stop

the clock and continue to pay “new for old” claim rates on these items.

## **Dinghy/Marine Electronics Endorsement Insurance coverage for high-value vessels may have hefty deductibles.**

If the boater has separate coverage for the dinghy and electronics, the decision to file a claim for a stolen dinghy or marine electronics may be easy. Some may believe that this is only for large boats, however as a result of testing so many new boats, many yachts as little as 23 or 25 feet are often outfitted with \$15,000 in electronics. If you cruise extensively or boat in a high-crime region, you should consider purchasing a dinghy or marine electronics endorsement.

## **Coverage for Cruising Extending**

Perhaps you are a California boater who enjoys cruising into Mexican seas. Or maybe you're from Florida and prefer to go to the Bahamas. Unfortunately, your boat insurance will most likely not cover you in these places unless you get cruising extension coverage. This coverage is typically obtained by calling your insurance before each trip. On the other hand, some firms give upfront approval for specific cruising destinations, which can eliminate the need to call and obtain coverage every time you cruise. It should also be noted that coverage may not be offered for cruises to some countries, such as Cuba, Haiti, and Venezuela.

## **Watersports Reporting**

Like an angling endorsement, expensive equipment is offered with higher-limit coverage, and entry costs for tournaments may be reimbursed if you must skip out due to a covered reason. This coverage can be combined, as BoatUS provides, by combining actual cash value for boards, skis, and scuba or snorkel equipment with improved medical costs coverage and entry-fee reimbursement for competitive wakeboarders and water skiers.

If you can afford to own a boat, you are undoubtedly well aware that insurance companies are not in the business of paying claims; rather, they make money by collecting premiums. However, make certain that your boat insurance criteria fit your financial demands and risk tolerance. It is wise to question the coverage that has been recommended to you. Hopefully, this essay will assist you in doing so.

## **Coverage of Anglers**

If you have a lot of expensive fishing gear and fish competitively in tournaments, consider getting an angling endorsement. It is frequently sold as a package deal that includes fishing-gear coverage, tournament entry-fee reimbursement, and tournament liability coverage. Higher limits are imposed on the gear than on insurance that does not have an angling endorsement. In addition, if you have to withdraw from the competition due to a claim, such as an on-the-road accident or a stolen boat, this coverage will reimburse your entry money. Inquire with your insurer to see if they have a cap on this amount, as some do. As an aside, it's critical to recognize that many fishing contests will require you to

have \$500,000 in liability insurance as an entered angler.

## Insurance Policies Are Divided Into Three Types

The preceding coverages are frequently optional. However, before you can even select them, you must first select one of the three fundamental policy kinds described below.

- **Agreed Hull Value:** The most popular coverage is an agreed hull value policy, in which you and your insurer agree on the value to be paid on the vessel in the event of a total loss. Boaters of all types may benefit from an agreed-upon hull value policy.
- **Actual Cash Value:** This differs from agreed hull worth in that if the boat is a total loss, it pays out based on the boat's market value at the time, while partial losses may have higher depreciation. These are less expensive and appeal to either budget boaters or boaters ready to bear more cost in a loss.
- **Only Liability:** This policy pays for damage done to others, including bodily injury (people) and property damage. It does not cover the boat of the insured boater. Oil-spill and full-salvage coverage are included in better liability insurance. Are you unconcerned about hull value coverage? Select just liability.

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