



Learn Why You Need a Boat Insurance and Why It's Worth It

Description

A substantial investment in a boat warrants similarly strong insurance coverage. Aside from potential damage to your boat, the possibility of a substantial liability claim against you following a boating accident exists.



In these litigious times, anyone who appears to have assets could be a good target for a lawsuit that could deplete your resources. Even if insurance is not a requirement in the area where you boat, it's worth considering.

What Is Boat Insurance Covered For?

Like vehicle insurance, boat insurance combines multiple forms of coverage into a single policy.

Standard types of coverage include:

Liability coverage for property damage. This covers damage caused when your boat collides with another watercraft or someone's property. It helps pay for the repair or replacement of other boats in case of an accident or property damage. Assume you're pulling into a spot at a neighbor's dock and

reverse into the cleats and mooring poles, damaging the dock. In this instance, your boat liability insurance may be able to reimburse your neighbor for the necessary repairs.

Liability coverage for bodily harm. This coverage compensates individuals for injuries caused by you, including legal bills, court judgments, and settlements. It is important to note that most boat insurance policies do not protect you if you are transporting your boat. Your auto insurance policy may provide coverage if you hit or damage someone while towing. Because personal injury lawsuits can be costly, having enough liability coverage is essential. A reasonable rule of thumb is to obtain adequate liability insurance to cover the amount you would lose in a lawsuit.

Physical damage insurance. This coverage pays to repair or replace your boat if it is damaged in an accident or destroyed by fire, lightning, or storms or if it is stolen. Damage can be covered whether your yacht is in the water or being trailered across the country. Some insurance providers allow you to choose between actual cash value and replacement cost coverage. Actual cash value coverage includes depreciation in the value of your boat if it is damaged, destroyed, or stolen. Instead, consider purchasing replacement cost coverage to ensure full reimbursement.

Coverage for medical expenses. This coverage reimburses you for minor medical expenses if you or your passengers are injured in a boating accident.

Coverage for uninsured or underinsured watercraft. While you hope your other boats have adequate covering, this is not always the case. If an uninsured or underinsured boater strikes your vessel and injures you, this coverage will pay your medical fees.

Optional Boat Insurance Protection

If you employ specialized equipment on the water, be sure it's also financially covered. Many insurance providers may allow boat owners to add coverage for things like:

- Trailers
- Fishing tackle
- Additional boating accessories
- Personal belongings taken on board

Check to determine if your insurance covers fuel spills and wreckage cleanup if your watercraft is involved in an accident on the lake.

Furthermore, certain insurance providers may provide boaters with "waterside" or "roadside" assistance coverage. If your boat breaks down on the water or you require mechanical assistance when stranded at the dock, roadside assistance can provide services to get your boat back up and running.

Size of Boat Insurance

To calculate coverage requirements, insurers frequently consider the boat's worth, length, and engine size, among other factors.

Small boats. If you own a small boat, such as a Sunfish sailboat, your homeowners or renters insurance policy may cover it under the personal property section. However, check with your agent to determine if your home insurance covers a small boat.

Boats. Regular boat insurance coverage typically covers pontoons, skiffs, and other boats under 26 feet in length.

Yachts or larger boats. Yachts are vessels longer than 26 feet in length, and many insurance firms offer comprehensive plans for these vessels. Chubb, Hagerty, and Markel are three businesses specializing in boat insurance. To calculate coverage requirements, insurers frequently consider the boat's worth, length, and engine size, among other factors.

What Your Boat Insurance Doesn't Cover

Although boat insurance protects your watercraft against many disasters, it does not cover the following risks:

- Overuse
- Damage caused by insects or aquatic life
- Mold contamination
- Normal wear and tear
- Defects in the construction of watercraft or incorrect design

What Does Boat Insurance Cost?

Various factors determine the cost of boat insurance, but on average, you can expect to spend 1.5% of the value of your boat for annual coverage.

As an example:

- Insuring a \$25,000 boat may cost \$375 per year.
- If you own a motorboat worth \$200,000, the cost may be \$3,000.
- Insuring a \$5 million luxury yacht worth 70 feet may cost \$75,000 yearly.

The actual price you pay will be determined by factors such as:

- Your boat's specifications, such as its price, length, age, engine type, and category
- Anchorage location and use
- Level of boat owner experience
- History of boat insurance claims

- Safety measures such as if you have completed a safety course from the Coast Guard
- Driving record

You may be able to qualify for boat insurance savings depending on your insurance provider's offerings. Bundling or purchasing multiple insurance policies from the same insurer might result in a price reduction. Many vehicle insurance providers offer savings for combining boat and auto insurance. Other possible discounts include:

- Insurance history without claims
- Completing approved boat safety courses
- Owning a diesel-powered boat
- Having US-approved fire extinguishers by the Coast Guard is on board.

Caution: Do Not Operate A Vessel While Under the Influence

Beware, boat owners: operating a vessel while intoxicated can have serious consequences. Drinking drunk or using drugs while operating a boat can cost you money, land you in jail, revoke your driving privileges, or even result in a deadly accident.

According to the US Department of Homeland Security and the US Coast Guard, the leading cause of fatal boat collisions is alcohol use while driving. Operating a boat while intoxicated is unlawful in all states and can result in legal and financial consequences, but it can also impact your insurance.

In rare situations, your insurance company may refuse to pay a boat damage claim if you were driving while intoxicated. While the insurer may pay a responsibility claim, if one exists, you will be financially responsible for repairs or replacement of your boat if you are not compensated.

Furthermore, if your accident was caused by alcohol or drugs, your insurer may elect to cancel your policy. Even if you do not have an accident but are convicted of a BUI, your insurance rate will undoubtedly skyrocket. Your insurance provider may also cancel coverage. While you can get insurance estimates from other companies, you may spend far more than you intended.

Is it mandatory to have boat insurance?

Boat insurance is required in some states. In addition, if you financed your boat with a loan or parked it in a space, your lender or marina will require proof of insurance.

Even if you paid cash for your boat and your state does not require insurance, it is prudent to safeguard yourself, your passengers, and your vessel. Assume you have an accident and injure the passengers on another boat. It can quickly add up if you are financially responsible for all repairs and injuries. Purchasing yacht insurance is always a good idea to protect yourself from financial catastrophe.

Category

1. Insurance

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