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C H A P T E R 7

## Insurance for Your Boat

*This chapter will help you insure your boat with the right kind of coverage.*

If you have a boat, you know the fun and relaxation it can bring to you in your spare time. You also know that sometimes it can cause stress, worry, and be potentially dangerous. Your boat is probably one of the most expensive things you own, aside from your home and your car. Boats are also expensive to maintain. In this chapter I will explain how insurance companies classify different types of boats, and you will learn about the three types of coverage and tips for saving money on boat insurance.

Talk to your agent about the type of boating insurance you need. It depends on the type of boat or watercraft you own and operate. Boat insurers have three types of boats that are classified by length:

1. **Personal Watercraft:** Less than 16 feet long. Jet skis, wave runners, mini-boats, etc.

2. **Boats:** 16 feet to 25 feet, 11 inches. Bass boats, speedboats, pontoons.
3. **Yachts:** All boats 26 feet or longer.

The condition of your boat is also a way insurers price your boat policy. If you own an older boat that is 26 feet or longer, your insurer may ask for a survey of your boat before quoting a price or insuring it. The better the condition of your boat, the more likely it will be approved for insurance and receive a lower price. Anything that you can do to update and repair mechanical systems before the boat is inspected may give you a better survey and therefore a better price.

Personal watercrafts tend to cost more to insure because they are more likely to be involved in accidents that cause injury. You may not be able to get insurance on them at all unless it's added to a policy you already have with your current company. Talk to your agent if you own a small personal watercraft.

There are **three types of coverage** in a boat or yacht insurance policy: **physical damage, liability and medical**.

This section covers accidental loss or damage to the boat and its machinery. This not only covers the hull and the engine(s), but also the sails and other equipment on board that are required to operate the boat.

**Physical damage** coverage generally pays for repairs to your boat that are necessary as a result of damage caused by a wide range of perils. The best policies provide "all risk" coverage, which means that if the cause of

loss is not specifically excluded, it is covered.

Typical causes of loss that are covered include: weather-related perils such as wind, rain, hail, lightning, and wave action; fire; loss or damage caused by theft or vandalism; and collisions with docks, submerged or floating objects, or other boats. It is wise to choose a policy that continues to cover your boat while it is stored on land or while you transport your boat over land by trailer.

The boat owner has to maintain the boat, so normal wear and tear is often excluded under a boat or yacht policy. The number and type of physical damage exclusions vary from company to company, so take the time to compare and avoid surprises later. Talk to your agent about this.

The **liability** section covers you if someone not on your boat is injured by your craft. This can be someone getting hurt or even killed or damage to someone else's property in an accident with your boat. Liability coverage also helps pay for your legal defense if you are sued as responsible for an accident.

Check with your agent to be sure that your policy has enough coverage for **medical payments**. Medical payment coverage will pay for first aid treatment, ambulance, hospital, and other costs that result from someone being injured on your boat, even if you are not legally responsible.

It is important to know whether the coverage also applies while someone is boarding or leaving boat, and while being towed behind your boat, such as while water skiing. Check to make sure that injuries

to you and your family are also included in this coverage. Given equal amounts of insurance, coverage on a "per person" basis may be preferable to coverage on a "per accident" basis.

**There are several ways that you can reduce the cost of your boat insurance.** The most common ways are listed and explained below:

1. Choose the highest deductible amount you could pay comfortably.
2. Request a limited boating area on your policy.
3. Take a boating safety course.

In general, physical damage deductibles start at around 1% of the insured value of the boat, and can be increased to sometimes as much as 5%. **Each higher deductible amount lowers your insurance premium.** Decide how much you could afford to pay out-of-pocket if a loss occurred.

Think about where you will actually be operating your boat. If you consistently navigate close to your home dock, **you should ask your agent whether a more limited area on your policy could save you money.** In other words, you may not need coverage for the entire river when you only take your boat onto the lake.

**If you take a class on boating safety, your insurer might give you a discount if he or she approve the class.** It could mean saving 5% to 20% on your

premium. Installing safety devices on your boat can sometimes reduce the premium that you will pay. Some insurers will give discounts for safety items such as: an automatic fire extinguishing system in the engine compartment, a fume or vapor detector in the bilge, depth finders, radios, alarms, or tracking devices.

Boating is a fun and enjoyable pastime, and it can be even more relaxing when you don't have to worry about covering the expenses of an accident. Talk to your agent about insuring your boat so you'll have more peace of mind the next time you're on the water.