

PERSONAL INSURANCE

Protecting Watercraft

A Guide to Comprehensive Coverage



Overview

Your watercraft is more than just a boat. Whether it's a runabout, sailboat or yacht, being on the water offers a connection to the world and promotes peace and calm. Along with this rewarding lifestyle comes the responsibility of ensuring your prized possessions are protected. In this guide, the Brown & Brown Personal Insurance team compiled key insights and considerations when navigating coverages or claims.

Hull Coverage: Determining Insured Value

Determining the value of your vessel is the cornerstone of your policy, helping your coverage align with the boat's worth. NADA guidance, the purchase price and/or a marine survey can help determine this value.

Several factors impact the value of the watercraft:

- ✓ Age
- ✓ Condition
- ✓ Brand/model
- ✓ Engine hours
- ✓ Maintenance history
- ✓ Upgrades/accessories

Selecting the correct valuation is critical. Like insuring your home, a comprehensive policy helps ensure you are adequately protected after a loss. The common types of coverages include the following:

- **Replacement cost coverage:** typically, only available for newer crafts (<5 years), restoring the full cost of the vessel
- **Agreed value:** agreed-upon fixed amount
- **Actual cash value:** coverage is based on the depreciated value of the vessel at the time of loss; while less favorable, it is typically the only option for older/worn vessels

Endorsements: Increased Coverage Options

Basic hull coverage is a great foundation, but endorsements allow further policy customization.

- **Specialized property coverage** protects valuable items stored onboard.
- **Survey and inspection costs** cover hull inspections after a covered loss/suspected damage.
- **Charter coverage** covers four charters annually, often priced on the vessel's value, and requires a licensed captain to be onboard.
- **Boat show coverage** offers protection during exhibitions/boat shows.

Technology comprises a large percentage of the hull value, especially for modern vessels, and is typically the largest expense or upgrade for watercraft. A few of the systems to consider include:

- **Chart plotters:** helpful for navigation, basic chart plotters can cost a few hundred dollars, while fully integrated multi-function displays with transducers and antennas can cost thousands

- **Radar and automatic identification systems (AIS):** radar detects objects like other boats or land while AIS helps track other vessels, which is helpful to avoid collisions, especially when experiencing low-visibility conditions
- **Autopilot:** a self-steering system that can route preset courses; requires vigilance, as it cannot detect obstacles or other vessels
- **Wind instruments:** provide the wind speed, velocity and direction to help with steering, docking or anchoring
- **Sonar:** also called fish finders, sonar technology can help detect underwater objects
- **Engine monitors:** display important engine data, including diagnostics, fluid levels and temperature
- **Radios:** allow communication; very-high frequency (VHF) radios cover short ranges (2-3 miles) while single sideband (SSB) enables long-distance communications with other boats, marinas or emergency services

Most Common Insurance Claims for Watercraft

Owning a boat comes with unique risks, ranging from unpredictable weather to liability concerns that could lead to costly repairs or financial loss. These potential scenarios make having a comprehensive watercraft insurance policy an invaluable safeguard. The following list is a breakdown of the most common watercraft claims and strategies to help mitigate risk.

1 Weather Damage

High winds and storms can cause significant damage, from cosmetic issues to total loss. Properly securing vessels during storms and taking proactive measures before hurricane season is essential. Review your insurance policy to confirm that it provides sufficient coverage for weather-related incidents. Comprehensive coverage is often necessary to avoid substantial out-of-pocket expenses.





2 Sinking

Sinking incidents are typically caused by storms, collisions with underwater objects or maintenance issues. These events often require expensive salvage operations and repairs, and policies should include provisions for these costs. Claims related to sinking can be complex and complicated, and consulting a marine insurance attorney or working closely with your insurer can help streamline the claims process.

3 Collision with Another Vessel

Collision damage can range from minor scratches to extensive repairs. If found at fault, liability coverage is important to offset repair costs for the other vessel and any medical expenses. Review policy details with your insurance provider, especially when there are complex claims involving injuries.

4 Impacts with Submerged Objects

Submerged rocks, reefs or debris can cause significant damage to a vessel's hull, propellor or engine. Comprehensive coverage includes policies covering damage caused by submerged objects, though coverage limits and deductibles vary. Preventative measures, such as regular inspections or navigational tools, can help reduce the likelihood of these incidents.

5 Fire or Explosion

Despite advancing safety standards and technology, fire and explosions remain a risk due to fuel leaks, electrical malfunctions or improper appliance usage. Comprehensive policies should include coverage for fire-related damage or losses. Regularly inspecting electrical systems, adhering to fueling protocols and investing in fire safety/suppression equipment can help prevent these events.

Other common claims include theft, grounding, vandalism and medical payments. **Theft** of boats or equipment is common, making secure storage and up-to-date comprehensive coverage essential. **Grounding** incidents can result in costly towing and repairs, underscoring the importance of collision and recovery provisions. **Vandalism** coverage protects against property damage, while liability insurance safeguards against medical expenses, property damage and legal costs resulting from accidents or injuries. **Medical payment** coverage further ensures financial protection for passengers, regardless of fault.

Conclusion: Protecting Your Investment

Your boat is a mode of transportation, a valuable investment and a source of enjoyment. A comprehensive boat insurance policy provides peace of mind, knowing you are prepared for the unexpected. By understanding the most common coverages and claims, you can focus on enjoying your time on the water without worry. Brown & Brown's Personal Insurance Marine team has the knowledge and experience to help offer you a personalized solution to fit your specific marine needs.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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