

## Nautical Insurance Navigation

There are two main sections of a yacht policy. HULL INSURANCE is all risk direct damage coverage subject to exclusions (of course!). Some typical exclusions found in most policies are wear & tear, marring/scratching, hidden or latent mechanical defect, while vessel is operated in official speed test or race (this does not apply to sailboats - special insurance can be obtained for performance boats), intentional or illegal acts and nuclear incident or war.

It should include "agreed amount" hull coverage, meaning all parties agree at the time the policy is written on the value of the vessel and that value will be paid in the event of a total loss. Generally this will be the amount required to replace your watercraft with one of like design and materials with workmanship of comparable kind and quality. (A clever individual will have maintenance, use and improvement records readily organized and available.) A decent policy also includes new for old coverage on partial losses, with exceptions for older sails and canvas which are depreciated. Don't forget about your trailer - the best policies will grant some automatic cover - but you should consciously look at it.

PROTECTION & INDEMNITY insurance is marine third party liability coverage. P&I, in addition to paying for damage/injury you cause to other boats/boaters, provides coverage for defence costs, wreck removal, salvage fees, and some limited pollution coverage. Maritime law usually limits personal injury liability to \$1 million, except in the case of extreme recklessness - so consider buying Umbrella Excess Insurance to increase your Marine Liability cover. Coverage should also include injury to your guests caused by an uninsured boater.

Yacht policies contain clauses called WARRANTIES that are contractual promises. i.e. a private pleasure warranty states the boat must not be used for commercial purposes ...so your kids cannot make some extra coin by ferrying people to the local island eatery. Warranties are very important because if they are breached the policy is considered null and void from the moment the breach occurs. i.e. if you breach a navigation warranty and nothing happens - then a loss happens the next day within navigation limits - no cover! Watch out for propane tanks and appliances. Some lesser quality policies warrant

you won't have any on board. The better policies have no restrictions for winter lay up dates, land transportation, towing or storage. You need to understand the warranties in your policy and to adhere to them at all times.

Did you know the by-laws of most private clubs disallow suits by members? Ask your broker to ensure you are allowed to sign standard Hold Harmless Agreements with marinas, yacht clubs and similar authorities where such agreements are necessary and customary - no questions asked.

### Pleasure-Craft Operator Cards

Operators of motorized water craft under 4m, Operators of personal water craft (i.e. Jet skis), and Boaters born after April 1, 1983 - must have one now. Everyone else: Sept 15, 2009 This law applies not only to the boats you own, but also to any boats you operate (such as a friend's or neighbour's boat). You do NOT want to find yourself in an insurance situation where you or a family member should have had one of these cards. Make sure any and all crew comply!

You can do the exam on-line at [www.boaterexam.com](http://www.boaterexam.com). The Canadian Safe Boating Course materials are there as well.

Yes, this just scratches the surface of marine insurance...Call us if we can illuminate further.

Contact Marc de Montigny at HUNTERS - 416.323.9994.