

AS SEEN IN  
**Sea**  
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BoatU.S. Marine Insurance photo

Larry Kinder photo

**BE PREPARED** — Having the right kind of marine insurance to cover all the cruising areas you frequent and all the risks your boat could someday face — and an adequate amount to cover repair or replacement costs — is essential. Even if your boat rarely cruises out of the harbor, insurance is a must to protect you against liability claims, theft, fire and vandalism.

# What's the **Right** Coverage?

What to look for in **marine insurance**  
BY ESTON ELLIS



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**OR BOAT OWNERS**, adequate insurance coverage is not a luxury — it's a necessity. Insurance not only protects your significant financial investment in the boat, it protects you against damage or injury claims resulting from accidents in which your boat may be involved.

While experienced boaters realize the value of insurance, all boaters may eventually be required to have at least minimal liability coverage, as a result of new legislation that is being considered across the West. State legislators may eventually make marine insurance a legal requirement of boat ownership, just as automobile insurance is legally required for all drivers.

Until then, insuring your boat is the “smart” thing to do — and here's how to be smart about selecting the coverage you need.

#### BOAT VS. YACHT

While the dictionary tells us there is no actual difference between a “boat” used for pleasure and a “yacht,” there's a big difference between “**BOAT INSURANCE**” and “**YACHT INSURANCE**” (or **MARINE INSURANCE**) policies.

Boat insurance is typically designed for trailerable vessels that cost less

and do not put in as much time on the water as larger in-the-water cruisers, motoryachts and sportfishers. Yacht insurance is designed to cover the increased value and risks of larger pleasurecraft.

Although many companies sell small boat insurance policies, only a handful of companies insure larger yachts. When you're looking for a company to insure your larger vessel, it's wise to get recommendations from your yacht broker or dealer and your boat-owning friends. Find out which insurers have the best reputation in your cruising area — and which will offer the type of coverage you need.

Consult the A.M. Best ratings (available online at [www.ambest.com](http://www.ambest.com))

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to find out the financial strength of your prospective insurance carrier (look for an A rating or better). Then, contact your state insurance regulatory agency to find out more about insurers that serve boaters in your state.

While it's necessary to compare rates and coverage from various insurance carriers to get the best deal, it's also important to know that all the companies you are considering have a good track record of satisfying claims and serving the boating community.

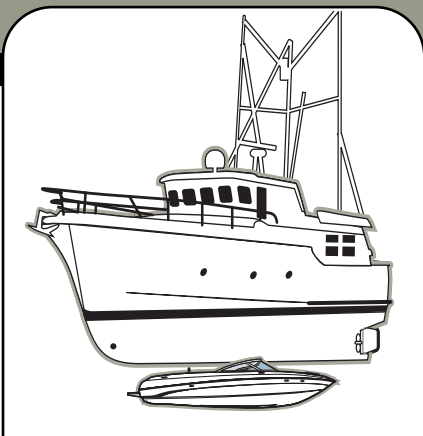
While some boaters opt to call insurance companies on their own to gather quotes, many decide to work with an insurance broker, who works as an agent for several different firms. A broker can help the boater pick the right coverage at the best rates, after looking at possible options from several different carriers.

### WHAT IS COVERED?

When you are insuring the boat's **HULL AND MACHINERY**, it is generally wise to choose an **ALL-RISK** policy. This type of coverage protects against physical damage or loss of the boat in a long list of circumstances — often including flood, fire, theft, vandalism and transportation.

You will then have to choose between two types of insurance coverage: "**AGREED VALUE**" and "**ACTUAL VALUE**." Agreed value usually costs more — and for good reason: This type of coverage will pay you a pre-determined sum (such as the boat's actual purchase price), in the case of a total loss. That generally makes it possible to replace the totaled boat with a brand-new boat.

If a piece of gear is stolen from a boat with an agreed value policy, the owner may be able to replace a piece of older gear with a brand-new item, with little or no depreciation allowance required.



While the dictionary tells us there is no actual difference between a 'boat' used for pleasure and a 'yacht,' there's a big difference between 'boat insurance' and 'yacht insurance' (or marine insurance) policies.

In contrast, in the case of a total loss, actual value coverage will pay the boat's current, depreciated "book value," instead of its original purchase price. That would allow you to replace the totaled boat with a used boat of a comparable year and type.

**If you intend to enjoy cruising in Mexico or Canada, make sure that your insurer can adequately cover your boat during these voyages. Find out NOW what will be required.**

In the case of a theft from a boat with actual value coverage, stolen gear items would be covered up to their current depreciated value.

If you opt for an agreed value policy, make sure that your policy does not limit **SALVAGE COVERAGE**. You'll want to get a policy that provides salvage coverage up to the boat's agreed value amount, without subtracting the cost of a salvage operator bringing the boat to a repair yard OR the cost of repairs to the boat.

In other words, a \$50,000 agreed value policy should provide up to \$50,000 to salvage the vessel if it sinks

— and an additional \$50,000 to repair the vessel.

Your liability, as owner of the boat, is covered in the **PROTECTION AND INDEMNITY** (P & I) section of your yacht policy. This section covers you in the event that you are sued by a third party, seeking compensation for claimed injuries or damages.

Adequate P & I coverage will provide for your legal defense and will pay a judgment up to pre-set limits, should you be found legally responsible for the injuries or damages.

While there may be areas where you can cut back on marine insurance, P & I coverage should not be one of them. Having a high level of liability coverage not only protects you in the event of a major lawsuit, but it may also reduce your overall premiums and/or deductibles because it makes you a better overall insurance risk.

Another important item to consider is your cruising area. Limiting your area will generally lower your insurance cost — but part of the reason we become boaters in the first place is to

be able to take long cruises. For that reason, it's important to be able to arrange for seasonal cruising extensions to your policy, should you opt to leave your home cruising waters.

If you intend to enjoy cruising in Mexico or Canada, make sure that your insurer can adequately cover your boat during these voyages. Find out NOW what will be required, should you choose to go cruising in distant waters at a later date.

Pay attention to your policy's **DEDUCTIBLES**. Large deductibles are not

INSURANCE continued on page 80

However, make sure that your deductibles are not set at an unrealistically high level. After all, one of the main reasons you have insurance is to adequately cover a major loss.

**INSURANCE** *continued from page 75*

necessarily a bad thing: Typically, the higher the deductible is, the lower the overall cost of your insurance coverage will be.

However, make sure that your deductibles are not set at an unrealistically high level. After all, one of the main reasons you have insurance is to adequately cover a major loss.

Typical yacht insurance policy deductibles are set at 1 to 3 percent. If the boat is valued at more than \$1 million, the owner may sometimes opt for a one-half percent deductible, to further reduce his or her risk of loss.

**SECRETS TO LOWER COSTS**

The cost of your marine insurance

will be determined by the age and type of your vessel, the results of a marine survey, your boating experience, any past insurance claims and your automobile driving record.

Still, there are several things you can do to lower your insurance costs.

Be able to prove how much boating experience you have — and **TAKE BOATING COURSES THAT OFFER CERTIFICATES OF COMPLETION**. Many classes are available — such as Power Squadrons and Coast Guard Auxiliary courses — and completing these courses often results in a significant discount in insurance rates.

**KEEP YOUR BOAT IN TIP-TOP CONDITION**. During a pre-insurance inspection, your boat should be in excellent running condition — and it

should look as good as it runs.

**INSTALL SECURITY EQUIPMENT AND THEFT PROTECTION DEVICES ABOARD.**

There are several vessel-tracking systems that work similar to an automotive LoJac system, allowing a central dispatcher to quickly locate your boat in the event of theft.

**DOCUMENT YOUR VESSEL THROUGH THE COAST GUARD** instead of merely registering it with the state. Documented vessels are easier to track and recover, in case of theft or loss — and your premium may drop as a result.

With the right insurance — and the right strategies for minimizing your premium costs — you'll enjoy both peace of mind and the satisfaction of getting a great deal. ♡

**DESIGN REVIEW** *continued from page 43*



**WOODEN WONDER** — Thanks to the use of epoxy cold-molded construction, the resin-saturated, laminated wood hull of the new Nexus 34 Odyssey will never rot.

pellor and yet provides excellent water flow to it.

It appears that the hull transitions easily from the displacement mode to planing mode with no “hump” speed.

**HANDCRAFTED ELEGANCE**

The interior is straightforward, laid out with a dinette in the deckhouse to port, with the galley and pilot station to starboard. Forward, there's an enclosed head with lockers opposite — and V-berths are in the extreme forward bow area.

All corners are well rounded, and the interior sole is teak and holly. Most boats of this type use a fiberglass liner trimmed with wood, but this interior is beautifully handcrafted, bespoke varnished wood all over — a virtual varnish farm down below. A choice of interior woods is available.

It is good to see that a company like Nexus Marine is able to survive building custom and semi-custom wooden boats in this era of molded fiberglass.

**Nexus**  
**34 Odyssey**

<b>SPECIFICATIONS</b>	
Length	34 ft., 3 in.
Beam	11 ft., 7 in.
Draft	4 ft.
Displacement	12,000 lbs. at half load
Fuel capacity	280 gals.
Cabin headroom	6 ft., 3 in.
Pilothouse headroom	6 ft., 5 in.
Cruising speed	25 to 30 knots
Range @ cruise	400 to 500 nautical miles
Power	440 hp Yanmar diesel
Price (nicely equipped)	\$750,000

**BUILDER**  
**NEXUS MARINE CORP.**, Everett, WA; (425) 252-8330; [www.nexusmarine.com](http://www.nexusmarine.com)

A fully fitted-out 34 with diesel power, a bow thruster, a cabin heater and electronics is priced at about \$750,000. This may sound high, but comparing this boat to a production fiberglass boat is like comparing a “paint by numbers” oil painting to an original work of art.

Beautiful craftsmanship takes time and money. ♡

at between 25 and 30 knots, with a 400- to 500-nautical-mile range. The engine is installed under a box in the cockpit and drives through a unique composite skeg arrangement, which fully protects the pro-