

MARINE INSURANCE - DON'T LEAVE PORT WITHOUT IT!

**Your Insurance
with Cathy Karas.**

Boat insurance, unlike car insurance, can vary immensely in what is covered, what is not, where and when you can use your boat and how what you will be paid if there is a loss to your craft. In New York, boat insurance is not required by any governmental organization, like the Department of Motor Vehicles which monitors car insurance. If you have a lapse of



photo: lacommerweeklynews.com

coverage with car insurance, you can suffer a daily fine, and if this happens more than once, you may have to turn in your license plates for a period of time as punishment. Not so with boat insurance. You may have purchased boat insurance because the Club or Marina where you keep your boat requires it, or you may have a loan and the lender requires it. Hopefully you purchased boat insurance for not only those reasons, but to protect you and your assets because of the liability hazard and/or to protect the investment of money for the value you have purchased your boat for or put in to it. Let's look at the differences in some boat policies to see if the policy you have covers what risk(s) you may be concerned with.



photo boatus.com

LIABILITY INSURANCE

(also known as Protection and Indemnity in boat insurance)
- Every policy will include some form of liability insurance to protect you if you are negligent and cause bodily injury or property damage to someone else or their property. There could be an injury on your own boat such as during boarding or climbing to a fly bridge. You could have trouble docking on a windy day, strike a dock and someone could fall onboard or in the water. Or, you could cause injuries to those on a dock or another boat or damage another boat. An electrical fire on your boat overnight could cause a chain reaction destroying several boats. What limit of insurance should you have here? As much as you can afford! This liability limit should be more than protect all of your assets. A personal umbrella insurance policy can provide more insurance in increments of millions and then also provide coverage over the limits of your auto and home insurance as well. All homeowners should have an umbrella to avoid liens against your assets such as your home, or wage garnishment if your boat, auto or home insurance liability limits were insufficient to cover a liability claim. Could you afford legal defense costs out of your pocket? If you have a policy with liability insurance the defense costs would be included and the insurance company provides legal representation for you. What a bargain! How much is 1 hour of an attorney's time? Specific needs often require special endorsements. If you use your boat for tubing or waterskiing, be sure your insurance company knows about this. Often you need to purchase an endorsement to cover this exposure. Pollution liability is often an option and good to have, although sometimes "comes with" the policy at no additional charge. How much would the cleanup cost be if your full fuel tank leaked?

HULL AND MACHINERY INSURANCE-

If you have a loan, the lender is going to require you have this at least up to the amount your borrowed. If you do not have a loan, physical coverage for the boat it is most likely voluntary and not required by the Marina or Club where your boat is kept. How much do you stand to lose if your boat was declared a total loss? Hurricane Sandy knocked boats off jack stands that resulted in total losses, so often a claim can arise even when the boat is not in the water. Another reason to keep your annual policy going even when not in season. Weather-related losses and even thefts and vandalism can occur at any time. Your hull and machinery insurance will be on a replacement value, agreed value or actual cash value basis. Which do you have? It is really important to understand this now, and not at the time of claim. Replacement cost coverage is usually only available on new boats or those only a few years old. In the event of a total loss, the company agrees to replace it with a new model of

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**KARAS INSURANCE AGENCIES
INC/C.R.**

321 SOUTH RIVERSIDE AVE
CROTON-ON-HUDSON, NY, 10520



Cathy Karas
cathykaras@karasinsurance.com

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the same boat. Also with a replacement cost policy or a partial loss to hull or machinery means the company agrees to repair at replacement cost - no depreciation taken into consideration. With agreed value, the company insures the boat at the limit on the policy and pays to repair damage without depreciation for age up to the limit that you and the company have "agreed" to, stated on the policy. The last type of valuation, actual cash value, takes depreciation into consideration. Regardless of which type of hull and machinery valuation you have, replacement cost, agreed value or actual cash value your deductible will apply also. The deductible can be a flat amount like \$500., \$1,000., or for larger boats it is usually a percentage of the hull value. So for example you boat value is \$270,000 and you have a 1% deductible that would be \$2,700.. Even with agreed value, some companies will only insure the hull at agreed value, but not the machinery. Depreciation would be taken into consideration. How old are your engine, motors, outdrive or other parts? If depreciation was taken into consideration here, your out of pocket expense to repair your boat could be alot. Do you know type of valuation do you have for hull and machinery?

Equipment Breakdown- Insurance can cover this? One the insurance companies we represent, Progressive now offers "Propulsion Plus" which is an optional coverage that pays to repair or replace the lower unit of an outboard motor or the upper and lower units of an inboard/outboard motor in the event of a mechanical breakdown. The boat has to be no more than 10 years old and the coverage continues until the boat is 21 years old. Normal wear and tear is covered and you do not have to strike an object for coverage to apply. What a feature!

Lay Up Period and Navigational Territory - Some policies specify the exact months your boat can be in the water and/or where you can use it. If you have a loss that does not comply with what your policy states you may be out of luck submitting a claim. Does your boat policy have one or both of these conditions?

At Karas Insurance Agencies we represent many companies for all forms of personal and commercial insurance. Since 1973 our family-owned agency has serviced the Hudson Valley region. We have access to more than 10 boat insurance companies. Since each of you and your boat are a unique combination, give us a call and we will provide a quote for your specific needs and concerns. You can call us at 914-271-5188 or email me at cathykaras@karasinsurance.com. Our licensed professionals would be happy to review any of your policy(ies) and provide coverage/cost comparisons for your current coverage or off quotes for new purchases and answer questions.

**Cathy J. Karas, President, Certified Insurance Counselor,
KARAS INSURANCE AGENCIES INC, 321 SO. RIVERSIDE AVE,
CROTON-ON-HUDSON, NY 10520.**
You can contact me for quotes or questions at 914-271-5188 or
email: cathykaras@karasinsurance.com.
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