

AERO-MARINE INSURANCE SERVICES

Aircraft & Marine Insurance Specialists

Service since 1988

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ARE YOU PROPERLY INSURED??

There are many factors in considering marine insurance. Although the premium is very important, of greater significance is the type of policy, the major elements of protection and the 'AM Best' rating of the insurance company. Homeowner insurance policies provided by 'generic' carriers (Allstate, Commerce, Progressive, etc), generally, *DO NOT* provide the broad coverage required and provided by a 'marine specialty policy'.

The 'marine specialty' insurance companies will include in (their) '*AGREED VALUE*' policy the following critical elements of coverage:

- Fuel Spill/Pollution (federally mandated limit of \$854,400).
Covers clean-up costs associated with an '*accidental*' discharge. Those few 'generic' companies that may offer fuel-spill coverage, restrict it to *ONLY* if it is the result of a 'covered loss'.
- Salvage. Under Maritime Law, you could be liable for tens of thousands of dollars.
When in distress, *Saviors* have been known to have become *Salvors*.
- Longshoremen & Harbor Workers protection.
- Mechanical Breakdown coverage.
- Higher limits for Liability, Medical Payments, Uninsured Boater, Towing/Disablement.
- Separate deductible for electronics.
- Hurricane Haul-Out coverage.
- Tender & motor coverage.

An '*AGREED VALUE, REPLACEMENT COST*' policy provides that, in the event of a total loss, the policy will pay the (full) amount shown on the policy declarations. In the event of a partial loss, the company will pay the cost to repair/replace the damaged parts, *new for old*, without deduction for depreciation on most losses (canvas, cushions and carpeting excepted).

An '*ACTUAL CASH VALUE (ACV)*' policy provides that, in the event of a total loss, the policy will pay the 'book' (market) value which is, in most instances, less than the limit shown on the policy declarations page. In the event of a partial or total loss, settlement will be subject to the policy deductible *AND* a depreciation factor.

Although the premium for an 'Actual Cash Value' policy will be somewhat less than an 'Agreed Value' policy, I suggest that you should not wait until (if, as or when) you have a loss to find that you may not have had the level of protection that you had understood.

Finally, I urge clients to consider a minimum liability limit of \$500,000. Many marinas and yacht clubs now require higher limits . . . with some requiring \$1,000,000. That factor, combined with our living in a very litigious society, the difference in the higher limit represents pennies each day. Should there be an incident, the cost to defend ourselves can easily exceed lower limits, even it's ultimately determined that we are not at fault.

