

## Understanding your Insurance

Insuring your boat is an important matter and often comparing policies can become confusing, especially when they look identical on the surface. At Anchor Marine, the type of policy that we offered is a Yacht Insurance Policy – the term “yacht” has nothing to do with the size of the vessel when talking insurance terms. The policy offered through most homeowners lines is considered a “boat” policy.

On the surface, the coverage will look similar, but it is in the underlying coverage where the differences surface. Only later, when a claim occurs, do you discover that the boat policy may not be everything it appeared to be. The following will point out a few of the differences that are most common between Yacht policies and most boat policies.

### Machinery Coverage

- Yacht – Covers mechanical breakdown for anything sudden or accidental and covers consequential damage even if the mechanical portion is not covered.
- Boat – No mechanical coverage therefore no consequential damage coverage.

Example: You are out on the water and the engine dies, causing you to hit another vessel.

- Yacht – will cover the engine damage if it is a covered loss and will cover damage done when you hit the other vessel.
- Boat – does not cover any form of mechanical breakdown and will not cover damage done when the other vessel was hit because the initial cause of the loss was an uncovered event.

### Total Loss

- Yacht – Agreed Value Total Loss = Agreed Value means what you have the vessel insured for is what you are paid in the event of a total loss, no depreciation.
- Boat – Paid on an Actual Cash Value (ACV) basis – depreciation is applied.

### Partial Loss

- Yacht – Most partial losses are paid on a replacement basis, all you pay is the deductible. Items such as mechanical and canvas are depreciated over time on partial losses.
- Boat – All partial losses are typically paid on an ACV basis.

## Other Coverages

- Yacht always includes: Uninsured Boater, Personal Effects, Towing, Pollution Liability, Cost to Defend, Medical Payments and Salvage.
- Boat –May includes some of these, but almost never includes Pollution Liability or Salvage. Will also allow you to “buy-up” to have some of these coverages included.

## Liability

- Yacht – Liability is extended to include anyone on the boat, using the boat, or working on the boat. This gives your permissive use, like with your car. If you have family member or friend that you know is capable of handling the boat and you want to let them drive or take out themselves, they are covered.
- Boat – Liability typically only extends to the named insured.

## Policy Form

- Yacht – coverage is written on an “All Risk” basis, meaning if the coverage is not excluded in the policy, then you have coverage. Typical exclusions include: Wear & Tear; Gradual Deterioration, Weathering, Osmosis or Blistering, Manufacture’s Defects and a few others.
- Boat – coverage is written on a “Named Peril” basis, meaning if the policy form does not state that you have coverage for something, then you do not have it. Typically the policy will state that you have coverage for Fire, Sinking, Stranding & Collision. Since Anything that does not fall under one of these types of risks, is not covered. Examples: Wind, Ice & Freezing, Water in your fuel, etc.

Therefore, the Yacht Insurance coverage is typically much more complete than that of a policy obtained through your homeowner agent. There is a reason that boat policies tend to cost less than a yacht policy. In the end, if anything happens, you end up carrying the brunt of the cost.

Please contact the office if you have any questions.

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