

HURRICANE PREPAREDNESS GUIDELINES FOR MARINAS

SECTION VI

Insurance Claims

Although we have an extensive and well-thought out plan to protect the marina and boats during a hurricane, it is necessary to buy insurance against loss and liability. Be aware that insurance is not a passive product. Select an agent experienced and knowledgeable in the marina business to ensure buying the right coverages. You must know the responsibilities of you and others to ensure you will collect for damages. The best advice for ensuring collection of due damages is to prepare your property against loss, damages or liability - as if you have no insurance.



Hurricane Andrew - boat damage at Black Point Marina. Wind and surge from this category 4 storm tossed boats around like toys.

A. Before the storm

Both marina managers and boat owners should know the following:

- where your insurance papers are,
- that your policy is updated,
- what is and what is not covered,
- what your responsibilities are,
- what your agent's responsibilities are and
- that you have photographs of your property and inventories of equipment and contents.

Marina

Marina insurance is normally underwritten with consideration to fire, casualty, liability, and the associated hazards, plus loss of revenue or business interruption coverage. Be aware that storm and flood damage is usually considered, but not as well defined and, in general, depends on the marina location and local topography. The normal insurance coverage for fire, casualty, liability, etc. is available from many underwriters who may or may not provide flood or wave damage insurance.

Insurance coverage for damage associated with high winds and flooding may be only partially incorporated within flood insurance. Your insurance agent should be consulted to ascertain that coverage is adequate. Business interruption insurance should be considered when developing your insurance program. The marina insurance agent should want to review your hurricane plans. The company's risk management program may have useful advice to add. The fact that you have a well thought out plan attests to good management and the marina that is managed to survive a storm is likely to survive other hazards.

Boats

To be eligible for storage at most marinas, boat owners must provide proof of a comprehensive yacht insurance policy. This will allow timely salvage operations and will cover damage to the boat or to damages caused by one boat to another. The rental contract specifies that a boat owner is responsible for the damages his boat inflicts on another boat or to marina property – *if he fails to take prudent efforts to properly secure the boat for the storm*. Know your marina rules and regulations and know your responsibilities for your boat and for the marina.

Guidelines for securing boat insurance:

- ❑ The policy should be an “All Risk,” agreed hull value policy. With this policy form, causes of loss not covered must be specifically excluded in the policy provisions. In case of a total or constructive loss, the amount of insurance stated on the declarations page is paid to the owner without deduction for depreciation.
- ❑ This “All Risk” policy form typically covers boating equipment normally carried for safety or navigation, both aboard and when separated from the boat and stored ashore. It should specifically extend coverage to dinghies, tenders or trailers. Owners should check the specific provisions in their policies as they vary from company to company.
- ❑ Dock boxes and contents would be considered personal property in most programs and are not automatically covered in the boat policy. Owners should check to ensure exactly what personal effects are covered and if the dock box and contents are included.
- ❑ Boat owners should purchase both Hull and Protection and Indemnity (P&I) coverage. P&I is marine liability coverage.
- ❑ Coverage for the cost of removing wrecks is normally in the policy's liability section. If the boat liability is under the owner's homeowner policy, chances are there is no wreck removal coverage.

B. After the storm

Once you determine you have a loss to insured marina property and/or a boat, the following general steps should be taken to process your claim:

- ❑ Photograph the damaged property and make a list of all damages and suspected problems. If the property is in peril, take all necessary steps to preserve the property and prevent further damage. Do not begin repairs other than that necessary to prevent further damage. Repairs to prevent further damage may include beginning clean up to remove salt, mud, sand, etc. and to flush, dry and start machinery. Hire a mechanic if necessary – this should be covered under “Sue and Labor” in your policy.
- ❑ Promptly call your insurance agent to report the claim or loss. Estimate the percentage of damage – cosmetics, wave damage, wind damage, water damage, total loss, etc.
- ❑ Contact repair companies to get estimates for repairs. You do not have to wait for an adjuster/surveyor to get estimates.
- ❑ An adjuster, insurance company surveyor or independent surveyor acceptable to the insurance company will be instructed to survey the damaged property. The owner can elect to hire a second surveyor, at his own cost, to conduct an independent survey of the property. The owner should arrange to accompany the surveyor on the initial damage survey.
- ❑ Have your inventory list, receipts, inventory pictures, pictures of damages and repair estimates ready for inspection by the adjuster/surveyor. You will need to provide both a “proof of loss” and “release/payment order”.
- ❑ After conducting the survey, the surveyor files a surveyor’s damage report with the insurance company, and sends a copy to the owner, if required.
- ❑ The owner files a statement of loss with the insurance company explaining what took place, when, where and why. It includes specific lists of known damages along with sketches or drawings.
- ❑ In case of a dispute, the owner will hire a second surveyor/adjuster, at the owner’s expense, to represent the owner’s side of the dispute. A third party will be designated to listen to both sides and arrive at a decision.
- ❑ If the owner agrees on the estimates and companies to do the repairs, the insurance company issues a check with both the repair firm and owner/mortgagee listed as payees on the check.
- ❑ When the work is completed to the owner’s satisfaction and approval, the check is co-signed and the repair firm is paid.
- ❑ Keep in mind that, with all the confusion accompanying the aftermath of a hurricane, the underwriters will first settle claims having all the appropriate paperwork completed.
- ❑ If a total loss of the property exists, the insurance company issues a check to the owner and mortgagee, usually for an amount equal to the agreed value or the fair market value of the property.

- ❑ In case of total loss of a vessel, be prepared to surrender the vessel's documentation papers, original insurance policy, any remaining equipment, and the damaged vessel.

Remember!!

If the property is insured, and damages have occurred, a report of loss and/or damage should be made to the insurance agent and/or company as soon as possible. A telephone call will suffice to put them on notice. This should be followed up with a written notice. Provide all the details that you can on this first notice, such as:

- ❑ exact location of property,
- ❑ structural condition of property (e.g., holes in hull or floating docks),
- ❑ did the vessel partially sink and is the machinery and/or interior wet, etc.,
- ❑ are the buildings and contents flooded,
- ❑ must the vessel be removed immediately; if so, to what location (same for building contents).

Be Aware!!!

Insurance companies will have surveyors and adjusters in the area to assist and work with their policyholders. In locations designated as disaster areas, there will be insurance teams and claims offices established. While surveyors, adjusters, company representatives, and many repair facilities will try to work with you, only you have the right and authority to determine what is to be done to or on your property. There will be many marinas and boat owners with damages and repair businesses will be very busy. You will have to do the necessary preliminary work quickly to get your property repaired.

As unscrupulous as it may sound, some people take advantage of the misfortune of a hurricane, often times in the form of price-gouging. Watch out for "fly-by-night" operators who promise to do great work, take your money up front and then never return to do this great work. Call the Better Business Bureau if in doubt. Price-gouging is also punishable by law. Businesses may also be required to pay restitution and damages to consumers. If you feel you have been victimized by price-gougers, call your state's Attorney General's office.

Sources: Adaptations of information from Boats/US, Metro-Dade Office of Emergency Management, Houston Yacht Club Hurricane Preparedness Plan, and Beam, Cooper, Gainey and Associates - Marine Insurance Division.



Small recreational fishing are stored on racks at the San Juan Bay Marina - San Juan, Puerto Rico.