

Binding Coverage

Insurance shouldn't be an afterthought. It should be a top priority in any trawler purchase.

“**L**ast night his boat sank at the dock,” read the text message from a broker friend of mine. Not the type of news that anyone ever wants to hear. This unfortunate situation should serve as a reminder to every boat owner about the importance of having a strong insurance-coverage game plan. Boating offers many opportunities for unexpected events to occur, which is why trawler owners simply cannot afford to take chances with protection. Good insurance is exactly what the owner of the boat in that text message needs.

There are many wonderful insurance agents (please consult with your yacht broker and read the advertisements in *Passagemaker*) who can explain the application process and review what type of coverage is best for you. Many factors come into play, including the style and value of the boat you are buying, your intended cruising grounds, the deductible amount, where you will keep your boat (hurricane season?), how much time you will spend aboard, who will look after your boat in your absence and, most important, your boating experience.

You'll need to answer these questions honestly not only to get the best policy, but also to keep your trawler in a marina. Either as a resident or as a transient, you must provide proof of insurance to tie up at the dock.

We make it a point to ask our buyers who they will be using to insure their trawler before we write up an offer to purchase the boat. You can try your home and/or auto agent, but marine specialists better understand the peculiarities of a floating asset.

Making an appointment with a specialty agent should happen as early as possible in the trawler-buying process. In the current hyperactive boating market, every marine service is being pressed hard; as a result, it is taking longer to get things done. While applying for insurance is a lot less fun than planning your cruising itinerary and figuring out the best trawler for your travels, you don't want to wait until you are under contract to shop for insurance. Waiting means you may not have enough time to complete your application and/or find the best policy before closing on the boat.

There are two primary factors involved in insurance: *you* (as the boat operator), and *your trawler* (as the vessel you will be operating). You may be asked to prepare an itemized list of your nautical experience and knowledge of weather, navigation, anchoring,

docking, rules of the road, first aid and other skills. If you have an aviation background or experience with diesel engines, this will also be viewed favorably. Good agents will present your profile package to the large insurance companies, which will assess your risk and (hopefully) grant your endorsement.

Regarding the trawler you intend to buy, we ask our buyers to verify with their insurance agent that the surveyor they want to hire is acceptable and credentialed by either the Society of Accredited Marine Surveyors or the National Association of Marine Surveyors. One of the main reasons for conducting the survey, trial run and haul out is so your surveyor can provide a written report to share findings, deficiencies and a current market valuation. The insurance underwriter will require a copy of this survey report for review.

The survey report is needed for the business side of the transaction. The value estimate is often used to determine your insurance policy replacement value coverage. While you're thinking about whether it's the right boat, insurers are thinking about whether the boat qualifies as an acceptable risk.

We also tell our clients to have their lender review and approve the survey report, and to confirm that the loan is ready to fund on or before the target closing date. We further remind our clients to obtain insurance approval before signing off on the survey. If your money is ready and your insurance provider is prepared to bind your policy, then you will have confidence to accept the trawler and move to closing.

With the independence of trawler ownership comes responsibility and potential liability. As a yacht broker, I can't emphasize enough the importance of being prepared. You don't want to be scrambling to avoid missing a contract deadline, and you don't want to be forced to make a rushed choice on insurance. Being properly insured will help keep your acquisition afloat and give you peace of mind long after the sale is completed. ✪

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Jeff Merrill has helped with hundreds of trawler transactions across the United States and abroad. For 20 years, he has shared trawler skills and tips at TrawlerFest, at JMYS.com and on his YouTube channel. Jeff is a certified professional yacht broker and a licensed managing broker in California and Florida.