

This information is provided by Jacqueline Czernecki, Able Sail Toronto member, based on her seventeen years in the insurance industry.

It's important to know that marine insurance is completely different than auto and home insurance; there are no provincial or federal mandates to have similar policies issued by different companies. Each company's marine policies are written individually by each company; what's in one company's policy may not be in another company's policy.

You will need three separate types of policies:

- A 'property' policy to cover the physical boats themselves, including sails,
- A commercial general liability policy, usually sold as a 'marina' type policy to cover any losses resulting from your operations,
- A Directors and Officers Errors and Omissions policy, which protects each director from being held individually liable for any decisions and choices made as a result of their direct role as a Director. It covers any actions or decisions made by directors, as long as it was done/made while acting within the scope of a director. It does not cover actions/decisions made outside of the role of a director - the individual would then be personally and separate liable and would likely then turn to their homeowners insurance.

The physical damage policy and the CGL (Commercial General Liability) is usually purchased together.

Be sure that the amounts quoted for vessels are for the Actual Cash Value (i.e. the replacement cost less the depreciation) and is accurately stated in the policy and updated each year. Most marine policies will only pay for the ACV (Actual Cash Value) for a vessel, not for the replacement cost of a new vessel. In any event, no matter the actual amount of a loss, the most any policy will pay out is the limit set on each separate vessel/asset. The insured amount includes all the usual equipment of the boat, even if it's stored separately from the hull. So if you have property (ie. fire insurance property insurance for a building) insurance for your clubhouse, the value of the sails stored in the building should still be counted as part of the value of the vessels, not included in the amount insuring the building. These may sound like distinctions without meaning, but it can affect the amount of your annual premium and the amount you will recover if there is a loss.

Always read your policy wording carefully upon receipt; if you see anything is missing, ask the agent about it immediately and get any changes or clarifications in writing. Insurance companies rely solely on timing and wording to pay for losses. Those groups of people with the least resources need the best insurance coverage they can afford; replacing a \$32,000 boat may not be a big deal for some organizations, but it could kill off a small 'shoestring' one completely.

Make sure that all volunteers and guests participating in your organization are covered by the CGL.

If your program will be operating at a yacht club it's a very good idea to make contact with their insurance agent to ensure that your policies will mesh with the yacht club policies. Also, each group and yacht club should be added as 'named insureds' on each other's policies, with the proviso that it should only kick in with respect to the operations of each organization.

The reason for this is that, in the event of a filing of a statement of claim, the claimant will include everyone and every organization connected in any way with where the loss occurred. This is done to ensure that the claimant has access to any and all insurance policies or assets, so that they can get their claim paid. Even if a loss has nothing whatsoever to do with your organization, just the fact that you are physically located at the same place will be enough to be included in a statement of claim. You can ask the claimant to release you from the action right at the beginning, but that will not happen unless and until the claimant is sure that they have access to the monies they hope to claim. What usually happens is that you must get representation and then hang on for the two to three years it usually takes to settle a claim. During that time, you will have to pay all the legal fees associated with your lawyer monitoring the claim, which usually costs about \$10,000. While your insurer will likely pay for that defence, as part of your CGL policy, that payment is viewed by the underwriters as a claim, and your premium will therefore likely rise as well. Having each organization shown as an additional named insured means that only one insurance company will have to foot the legal bill, and there's nothing insurers like more than spreading the risk and the liability. It's just a prudent thing to do.