Anyone who imagines that insurance is a sedate business knows little about what marine insurance claims look like. In fact, these claims range from the extreme to the sublime and to the tragic, as evidenced by these recent scenarios:

- A couple out day-sailing encountered a 40-ton whale, which jumped and crash-landed onto their boat.
- Some U.S. college students on spring break helped rescue a grounded 50-foot yacht, then claimed “salvage” rights when the captain took his crew ashore by life raft.
- Last spring, three children died and 24 others were pulled from the water when a motorboat capsized while leaving a fireworks display off Long Island.

Boating incidents can be much bigger than the vessels involved. Beyond the emotional and physical magnitude of these incidents, boat owners are at risk for enormous financial losses when claims arise from personal injuries on the water.

Recent recreational boating industry statistics show how severe marine claims can be. In 2011, the U.S. Coast Guard responded to 4,588 accidents that involved 758 fatalities and 3,081 injuries. While the published figure for property damage in those incidents was $52 million, the unpublished value of the medical expenses and lawsuits from these accidents will dwarf the property payout. The fatality rate in 2011 was 6.2 deaths per 100,000 registered recreational boats—an increase of 15 percent from 2010. Eight out of ten boaters who drowned were on open motorboats less than 21 feet long, and 20 percent of the accidents involved collisions with another recreational vessel, while alcohol use was the number one contributing factor in accidents that resulted in a death.

Rising health-care and litigation costs, and the protracted process of valuing personal injuries and establishing liability will amplify the ultimate settlement costs involved in these boating fatalities. In a single 2010 accident on the Connecticut River, three fatalities and the permanent impairment of a young man set a new bar for the monetary and emotional damages sustained in a recreational boating accident. And while the Coast Guard reports operator inattention, inexperience, speed, improper lookout and alcohol as the top five contributing factors in accidents, often it is not the boat owner who is operating the vessel at the time of an accident. It is the boat owner, however, whose assets are exposed when a boating accident leads to severe bodily injury.

Many boat owners are unaware that the liability insurance on home, auto and umbrella policies often does not extend to boating activities. A simple call to a marine insurance specialist, however, can ensure that the right coverage is in place. Without liability protection that specifically addresses boating activities, all of the personal and financial assets of a boat owner are at risk.

THREE RECOMMENDATIONS FOR BOAT OWNERS

First, through attention to safety, severe injuries can be avoided altogether. In a recent survey, only 11 percent of deaths occurred on boats where the operator had received boating safety instruction. Conversely, 84 percent of drowning victims were reported not to be wearing a life jacket. Clearly, proactive attention to safety prevents severe injury on the water.

Second, you as the boat owner are liable when your boat is used by another operator and there is an accident. The risks and exposures can be unimaginable, but are very real when you consider what is at stake if your small center console motorboat is operated by an impaired teenager or young adult.

Third, and less obviously, boat owners must attend to the protection of personal financial assets through appropriate liability and umbrella insurance.

All data are from: “Recreational Boating Statistics,” May 2012, United States Coast Guard. http://www.uscgboating.org/assets/1/workflow_staging/Publications/557.PDF
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—Ed Gumbrecht