

## Moorage and Dry Storage Tenant Insurance Frequently Asked Questions

### Question 1: What are the Port's new insurance regulations?

As per Port Regulation Number 4.3, LIABILITY INSURANCE:

- 4.3.1 Tenants shall maintain liability insurance in force and good standing on their boat and/or item stored in leased space.
- A. The insurance policy shall provide comprehensive liability insurance with limits of no less than \$500,000 per occurrence.
  - B. The insurance shall cover pollution, damage done to the slip, the marina, and any other boats or equipment.
  - C. Tenants shall list the Port as an additional insured by endorsement.
    - 1. Only tenants who have maintained continuous tenancy prior to January 1, 2018, and have provided the Port with adequate insurance documentation, may be exempt from listing the Port as additional insured by endorsement.
  - D. Umbrella insurance policies are not acceptable.
- 4.3.2 Tenants must provide the Port a copy of their current Certificate of Insurance showing tenants name, policy dates, and vessel liability amounts. Failure to provide a copy of the current Certificate of Insurance upon request by Port staff may be grounds for termination of tenancy and any and all related privileges at the Port of Edmonds.
- 4.3.3 The Executive Director may waive or adjust insurance requirements for certain small storage items.

### Question 2: Why has the Port changed its insurance regulations?

- A. Second Substitute House Bill 2457 concerning derelict and abandoned vessels was passed in March 2014 and became effective July 1, 2014. The section of Second Substitute House Bill 2457 that applies to ports requires, among other things, that:
- (1) Every moorage facility operator must...
    - (b) Require, as a condition of moorage, all vessels other than transient vessels to provide proof of marine insurance to the moorage facility.
  - (2) ...insurance maintained by moorage facility operators and required of moored vessels must:
    - (a) Provide coverage at liability limits of at least three hundred thousand dollars per occurrence; and
    - (b) Include, at a minimum, general, legal, and pollution liability coverage...
  - (4) The requirement under this section for moorage facility operators to require proof of marine insurance from mooring vessels applies whenever a moorage facility operator enters in an initial or renewal moorage agreement after the effective date of this section...
- B. On December 31, 2011, a tenant's boat caught fire, causing damage to other boats and approximately \$320,000 of damage to Port property. A few tenants alleged that the Port was responsible for their damages, but none filed claims against the Port. The Port contacted its insurance company, who paid for the damage to Port property, and then initiated a claim against the boat owner. The Port's insurance company was only able to recover \$55,000. The claim was recorded in the Port's claims history, and as a result, the Port's insurance premiums increased by approximately 10% for the 2014 renewal. As a result of this fire, both Port Attorney, and the Port's insurance company recommended that the Port require that Marina tenants list the Port as additional insured. If the tenant would have had additional insured coverage for the Port at the time of the December, 2011 fire, the Port should have been protected, its insurance company should not have suffered the loss that it did, and the Port's

claims history should not have increased. In addition, as the Port damages exceeded \$300,000, the Port's insurance company recommended that the Port increase its liability minimum to \$500,000.

- C. On April 27, 2015, Port staff presented these recommendations to the Port Commission in an open public meeting. The Commission approved the insurance regulation, as shown above in Question 1.

Question 3: Which insurance companies have met the Port's insurance requirements?

As of June 2015 the following insurance companies have been able to provide tenants with insurance coverage that meets the Port's insurance requirements:

- ACE
- Boat US
- Chubb
- Ocean Marine
- Progressive
- Safeco
- State Farm
- Travelers

Question 4: What is the difference between Additional Interest and Additional Insured?

Typically, parties listed as Additional Interest are provided with copies of insurance documents when the policy is changed, terminated, or cancelled. Parties listed as Additional Insured are normally covered for liability under the policy. The Port of Edmonds insurance regulations require that the Port is listed as Additional Insured so that if the tenant's boat or boat operator damages the Port's property, the Port will be covered under the policy for those damages and/or if the tenant's boat or boat operator causes damage to a third party who files a claim or lawsuit against the Port, the tenant's insurance company would have the duty to defend the Port.

Question 5: What should my agent put for the Additional Insured?

Port of Edmonds, 336 Admiral Way, Edmonds WA 98020

Question 6: I have an umbrella policy that supplements my boat insurance. Will that meet the requirements?

Typically, insurance companies will not list the Port as Additional Insured under an umbrella policy. If your insurance company will do so, the Port will accept the umbrella policy. If not, you will need to increase your boat liability insurance to \$500,000.

Question 7: What is pollution liability insurance?

Pollution liability insurance covers accidental fuel spills. It may also be called fuel spill liability and wreckage removal.

Question 8: When do I have to comply with the new insurance regulations?

The new insurance regulations were effective March 1, 2015. If you are a current tenant and your insurance on file with the Port was current as of that date, the Port will ask you to comply with the new insurance regulations the first time that your insurance expires after March 1, 2015 or if you sign a new moorage or dry storage agreement, make a change to your insurance, or a change to your boat. If you sign a new moorage or dry storage agreement, the Port must have your insurance documents or binder that comply with the insurance regulations before you bring your boat into the marina.

Question 9: What is the difference between boat insurance and yacht insurance?

Generally "boats" are considered to be 26' and smaller, and "yachts" are 27' and larger. Generally speaking yacht coverage is broader and more specialized because larger boats travel further and have more unique exposures. An example of the difference between the two may occur if your boat/yacht sinks and is a total loss. You have insured your boat/yacht for \$100,000 and the cost to raise the boat/yacht is \$50,000. With a boat policy, you will most likely only get the difference between the value insured of \$100,000 and the cost to raise the boat of \$50,000. With a yacht policy, you will most likely get the \$100,000 and the insurance company will cover the \$50,000. It is a good idea to review your insurance coverage with your broker to make sure that you understand your coverage.

Question 10: I have received a binder from my insurance company. Will that work?

A binder provides the insured and the Port with 30 days of coverage. If you have recently signed a moorage or dry storage agreement, the Port will allow you to bring your boat in and will let you have keys when you provide an acceptable binder. Port staff cannot assign you parking permits without the final copy of your insurance. If you need temporary parking permits, please stop by the Marina Operations office to request them.

Question 11: How are you letting tenants know about these new insurance requirements?

The Port is sending letters to current tenants approximately 30 days before their insurance expires, letting them know of the new insurance requirements. New tenants and seasonal tenants will be notified during the sign-up process.

Question 12: I used to have Progressive insurance and was told that it isn't acceptable. Now I found out that the Port is accepting it. What happened?

Progressive insurance documentation shows the Port as Additional Interest but the representatives said that it means Additional Interest Insured. The Port received documentation from Progressive on April 30, 2015 that shows that Progressive considers the terms Additional Interest and Additional Interest Insured to be the same thing.

Question 13: What does the Port do with my insurance documentation?

Port staff reviews the insurance documentation for compliance with the Port's insurance regulations. The insurance company name, policy number, and policy expiration date for accepted documentation is entered into the Port's marina management program for tracking purposes. The insurance documentation is placed in your tenant file.