

Securing Proper Insurance Coverage for the Buyer and Protecting the Broker During the Transaction

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What You Should Know About Your Buyer

- ❑ Does the client qualify to operate a vessel of this size? (*Jumps in size greater than 30% can be a challenge.*)
- ❑ Has the client had the proper hands on training for a boat of this type? (*Advantage of available courses.*)
- ❑ Does your client understand the due diligence, maintenance, winterization/commissioning processes required for this type of vessel?
- ❑ Has the client had a survey done on the boat, in their own name? (*Not all insurance carriers accept a survey not done in the buyer's name, no matter how recently performed.*)

Factors Your Buyer Should Discuss With a Marine Insurance Expert

- ❑ Their plan for where/how they plan to use the vessel. (*Rates vary widely in different navigational areas at different times of the year, and for different uses.*)
- ❑ What type of policy they are looking for, and what the differences/exposures are.
- ❑ The broad liability exposure that comes with owning watercraft, and how to best protect themselves and their assets.
- ❑ How their guests are covered when aboard and what's available to them in terms of coverages.
- ❑ When to start their own insurance coverage if the boat is new – when unloading, during delivery, before it leaves the manufacturer, etc. (*Understanding that the trucker is not covered for Acts of God, such as lightning, wind, etc.*)
- ❑ Working with a licensed, marine insurance specialist makes it easy to address these factors and get the right coverage, that is effective at the right time in the transaction.

How to Protect Yourself as the Broker

- ❑ Make sure your seller has not discontinued coverage while their boat is in the yard waiting to be sold. (*Absence of primary coverage offers no liability for you and your clients while showing the vessel and could put you at risk should something happen to their vessel.*)
- ❑ Make sure your seller visits the boat often and maintains her properly while on the market. (*Many systems suffer when not receiving regular care and maintenance.*)
- ❑ Make sure your seller's navigational coverage is accurate for where/when the vessel is being sea trialed or displayed.
- ❑ Understand that the seller's policy does not cover property damage or liability to a broker, salesman, or surveyor at the helm while on sea trail
- ❑ If displaying the vessel in a show, exhibition, or demonstration, a special endorsement may be required and the facilitator, in many cases must be named as an additional insured
- ❑ Make sure to get a copy of your seller's policy, and check that the proper coverage is in place, including navigation, until the sale is final and funds have been received.

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