

Filing an Insurance Claim

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Few experiences in business are as stressful as recovering from an accident, or in maritime terms, a “casualty.” Even if the boat is not lost, the mess that results from a collision or near sinking can send a vessel operator into shock. The previously independent fisherman suddenly needs the help of a lot of people—the Coast Guard, salvors, mechanics, electricians, welders and a range of other tradesmen—and, of course, the insurance company. Your insurance company suddenly is your best friend—if you file your claim correctly and promptly.

The first thing to know about insurance companies is that they settle claims all the time. What to you may be a humiliating, once-in-a-lifetime ordeal is just daily business for the insurance professional. He doesn’t resent paying a claim; it doesn’t come out of his pocket, it’s from a pool of money designated specifically for that purpose. His job isn’t to lay blame, or to try to find a way out of paying. It is to correctly and completely fill out all the paperwork and submit it to the underwriter so that the claim can be resolved expeditiously.

With that in mind, here are some tips for filing a marine insurance claim in a manner to cause the least stress and produce the best results.

Call Medics First

First and foremost: Immediately provide the best available medical care for any injured persons. Don’t be a cheapskate here. Maintenance and cure are your responsibility. Your insurer will insist on it, and will pay for it. There is a simple reason: prompt medical care is less expensive than a lawsuit plus medical care. Crewmembers and passengers who are quickly and properly cared for are less likely to go after you and your insurer than ones who weren’t. Your policy has a bodily injury provision, so use it. Take care of any injured people first. Even if they’re not hurt, and even if it’s not your fault, make sure that anyone who gets

wet or shaken up or seriously inconvenienced by the event is cared for.

Secondly, save the boat and any equipment if possible. You don’t need advance permission from your insurance company to arrange a tow or other emergency assistance. If it is a legitimate service to save the boat, the company would rather pay for it than pay a total loss on the boat plus the costs associated with pollution or removal of the wreck.

Next, as soon as the vessel is secured, notify your insurance company. Contact either the agent who sold you your policy or the number provided by the insurance company. You will be sent claims forms.

If your boat is only damaged and can be returned to service, you have to determine immediately what you may or may not do toward repairing the boat. Normally the company wants you to get fixed up and back to work as soon as possible, but some companies may require that a surveyor examine the damage before repair can begin. This delays getting the work done, so try to get clearance to start to work right away.

Document the Damage

Invest in a pocket notebook, a couple of pens, a pocket camera, and a three-ring binder. Carefully document all the damage to the boat, all the work done in preparation for repair, and all the costs which are mounting toward that repair, including towing, haul-out, boatyard equipment use fees, and so on. Try to get clear photos of the damaged parts of the boat and any damaged equipment or supplies. It’s best not to throw anything away before the surveyor has had a look, but if it’s necessary to throw out heaps of soaked carpets and bedding, or broken pieces of the hull and superstructure, photograph and document them first.

Also, note all the expenses you incur in the course of repairing the boat and re-

turning it to service, including your car expenses, meals you had to eat out so that you could stay on the job, clothing ruined while doing repair work, shipping of parts and materials to you, and so on. Keep all receipts, including credit card receipts, in the binder. You may not get reimbursed for everything, but by listing them on your claims form you bolster your position for claiming those items which are covered.

Be sure to log all the time you and your crew work on the repair project. Your insurance company may reason that if you didn’t do the work they would have to pay someone else to do it, so a reasonable hourly wage for you and your crew are a legitimate cost of the repair.

Cooperate with the surveyor assigned by the company to your case. If he is doing his job he doesn’t play favorites—he simply documents exactly what he sees. But be sure to point out anything that he may have missed, if it increases your chance of getting full reimbursement for your losses. A good surveyor will probably notice damage that you didn’t, and will probably know about future consequences of damage which is not obvious (for example, he may recommend that wiring be replaced so that corrosion doesn’t spread, causing damage later on), but it doesn’t hurt to point out anything you’re not sure he noticed. But don’t try to fool the surveyor and attribute to this incident damage which may have occurred previously. A good surveyor can tell the difference, and since his subjective analysis of the damage is what the company relies on to determine the legitimacy of the claim, you don’t want the surveyor thinking you engage in fraud.

Keep together all the receipts for work on the boat, and after making copies for your own records keep them in the ring binder. The insurance company will require the originals. With a few exceptions payment is made only on receipts. But remember that you won’t recover all of your costs, partly

because you have a deductible, and partly because the surveyor will probably depreciate some of the equipment which needs replacement.

Divvying Up Repair Bills

The company's responsibility is to return the boat to the condition it was in before the casualty, not to make it like new. You may decide to use the repair as an opportunity to upgrade the boat or repair previously existing damage, and that may be a good business decision, but don't expect the insurance company to pay for it.

Sign off on work orders only when the work is actually done, and on the insurance company's quitclaim only when the repair is actually complete. It may take time and careful examination to identify all the problems caused by the incident, so take the time and be thorough. If you find a problem weeks after the claim was paid, you might be lucky and find that the company will pay anyway, but don't plan on it. Better to be thorough while the case is still open.

Other Tips:

- **Be sure to file the required reports.** If you experienced a collision, grounding, loss of propulsion or steering, flooding or fire; if there is a fatality, an injury requiring more than on-scene first aid; or if there is damage in excess of \$25,000 you are required to report to the Coast Guard. Use the form CG-2692. It is a federal law, and your insurer will require a copy as part of the claims process. Furthermore, if yours is a "serious marine incident" which means death or injury, damage over \$100,000 or loss of a vessel, or release of a hazardous substance or more than 10,000 gallons of oil, all individuals directly involved must immediately submit to an alcohol and drug test. Result of the test has to be submitted to the Coast Guard on form CG-2692B.
- **Reply promptly and fully** to all communications from the insurance company. Payments are often delayed while the company waits for reports, receipts, or other information from the owner.

- **Get paid directly.** If the vessel is mortgaged, the insurance settlement checks may be made out to you and the bank, and if that bank is not located where you and the boat are you may have difficulty cashing or depositing them. Ask the company to make the checks to you only.
- **Keep in touch** with the vendors and tradesmen who did the work on the boat to assure them that they will get paid as soon as you do. As much as six months may pass between the incident and the final payment, and welders, mechanics and boatyards understandably get nervous when the months pass and they don't get anything. Respond promptly and pleasantly if they contact you. If possible pay off the small bills from available cash, leaving only the biggest, if necessary, for the insurance settlement. ♦