



## VESSEL INSURANCE POLICY

Adopted June 26, 2018

Commencing January 1, 2019, or upon acceptance of a slip assignment, all vessels (including recreational, commercial, and business use) must remain currently insured to retain slip license at Santa Cruz Harbor. Vessel insurance must, at a minimum, meet the following criteria:

(a) Commercial & Recreational Vessels (including business use)

1. Provide general Liability (Protection and Indemnity) vessel insurance coverage, including wreck removal and pollution coverage, with a minimum policy limit of \$300,000.
2. Vessel insurance policies shall name the Santa Cruz Port District (SCPD) as *Additional Insured*, if available from the underwriter. A Certificate of Insurance certifying coverage limits shall suffice only if an endorsement naming SCPD as *Additional Insured* is unavailable from the underwriter.<sup>1</sup>
3. Owners of transient vessels are requested, but not required, to provide proof of insurance for short-term berthing privileges. Owners of transient vessels requesting berthing beyond the two-week maximum may be required to provide proof of insurance as a condition of the extension, which requires Harbormaster approval.

(b) Additional Requirements

1. Subletters shall be required to provide proof of insurance for their vessels in accordance with this policy.
2. Insurance policies for vessels held in partnership must list the individual names of each vessel partner.

(c) Excluded Vessels

1. This vessel insurance policy is not applicable to:
  - a. Vessels occupying:
    - i. Dry Storage (Twin Fountains & North Harbor Dry Storage)
    - ii. Rack Storage
    - iii. Catamaran Storage
  - b. Launched Vessels
  - c. Human-Powered Watercraft

<sup>1</sup> An additional insured endorsement provides the District with added protections, such as notification of a pending cancellation and the ability to streamline the claims process, in the event a claim is filed.

## ***POLICY ADMINISTRATION***

### Implementation:

The insurance requirements will be effective for existing customers January 1, 2019, and immediately for new slip assignments.

Staff is prepared to perform the necessary outreach to inform existing slip renters of the upcoming policy change. Staff will work with individuals who may need additional time to comply with the new requirements on a case-by-case basis.

### Administration / Enforcement:

Monitoring policy expirations will be performed by the Harbormaster on a monthly basis. Monitoring policy expirations on a monthly basis will strengthen protections to the District, as well as slip renters, by ensuring that policies remain effective throughout the year.

Staff will adapt current administrative procedures to include monitoring vessel insurance coverage as follows:

1. Receive, review, and enter policy information into marina management software.
2. Generate a monthly courtesy notice to slip renters who have upcoming expirations (e.g., on the monthly billing statements).
3. At the conclusion of the month, staff will reach out to individuals who have not yet provided updated insurance information and work on a case-by-case basis to bring them into compliance.
4. If after a reasonable amount of time has passed (typically 60 days after policy expiration or such time as determined by the Commission) and updated insurance information has not been received by the District, staff will commence the slip revocation process as a last resort to achieve compliance.

### Transition Period

Staff plans to monitor vessel insurance coverage in accordance with the policy, but recognizes that a transition period will exist following implementation. The transition period, which is estimated to last approximately six months to one year, will require staff to perform outreach and communicate with slip renters. During this transition period, staff will further develop the administrative procedures necessary to monitor and achieve compliance.

## ***OTHER TOPICS***

### Uninsurable Vessels

A number of vessel owners may be unable to obtain vessel insurance for various reasons (e.g., wooden boat, extremely old boat, etc.). Staff will learn more about the scope of this issue during the transition period and include quantitative data in an interim report to the Commission in Fall 2019. At that time, the Commission may deliberate whether action is warranted to:

- “Grandfather” in uninsurable vessels and allow them to stay in the harbor; or
- Assess a monthly fee to owners of uninsurable vessels (similar to the uninsured vessel fee charged at the boatyard).