

FAQ – Insurance coverage for everyone on your boat

Why do we need this bill?

Unlike in our cars, Minnesota law doesn't require insurance companies to cover your family members in a boating liability policy. The exclusion of insurance coverage for family members in boat liability policies is usually contained in the fine print, leaving family unprotected when covered accidents occur. Minnesota state law prohibits these unfair exclusions in auto liability policies because we want everyone to be protected. Your family should be covered in your boat just like they are in your car.

Do family members have to sue each other to get coverage?

In Minnesota, if your insurance company doesn't pay a covered claim, the law requires you to file a court case against the person that caused the harm, even if it's a family member. Minnesota does not allow you to just name the insurance company that is denying the claim. So, if you are in a car accident and your child in the back seat is injured, they may have to file a claim against you in court to get the insurance benefits you've paid for with your premiums. It would be the same for boats if we require coverage for family members.

Will this cause boat insurance to cost more?

It shouldn't. The DNR reports there were only 92 boating injury accidents in Minnesota in 2017, and we have over 810,000 registered boats. This legislation would require insurance companies to justify any increases to boat liability policies to the Minnesota Department of Commerce should this law pass. Minnesotans would likely pay more to cover their families if needed, but right now they don't have the option because it's not available. That's wrong.

How many boats and accidents are there in Minnesota?

Minnesota has the most registered boats per capita in the country, with over 810,000 watercrafts. According to the DNR, there were only 92 injury accidents with boats in 2017, a very small number.

Does other insurance cover boat accident?

No other insurance covers liability to family members in boating accidents. Your boat insurance can cover costs associated with damage to the boat, limited medical payments and liability to others – but not liability coverage for your family.

Will this increase lawsuits?

No. In fact, injury lawsuits have gone down over 50% over the last 10 years. There is no reason to believe that liability insurance coverage will increase accidents – but if there is a covered claim the insurance company will have to provide the benefits that are owed. The small amount of boating accidents where family members are injured should be covered by insurance, just like they are in a car.

Won't family members just injure themselves for an insurance payout?

That sounds like fiction, but the legislation protects against claims that are fraudulent or injuries that result from intentional or criminal acts. The claims would rightly be denied. It's a nice sound bite, but it's hard to believe that anyone would purposely harm a loved one in a boating accident for an insurance payout. But - if that did happen - this bill would not reward that criminal behavior.

What is boat liability insurance and what will it pay for?

Boat liability insurance protects the covered person to pay for losses to others when they injure them in a boat accident. Liability insurance covers the costs associated with injuries such as medical expenses, hospitalization, rehabilitation, home modification, loss of wages, and other losses allowed by law.

Why do we need to pass a law? If people want to cover their families, they should just buy the insurance.

Our research indicates that insurance companies in Minnesota only offer boat liability insurance policies that exclude family members. This legislation mirrors the language protecting families in automobiles that has been the law since 1974. People expect their family members to be covered in your boat - and we should make sure they are.

Is this going to force me to buy boat liability insurance?

No. This bill does not mandate boat liability coverage. But if you purchase a policy for your boat, it should cover everyone that is on it.