



PRESENTATION TO:

# Washington Public Ports Association



PRESENTED BY:

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# WPPA: Removal of Derelict Vessels



- Alliant Seattle - Washington Port Clients
- The Problem: Removal Costs
  - The State Law and Regulatory Issues
- What Steps Can You Take to Protect Port Assets:
  - Strong Moorage Agreements
  - Insurance
  - Other Loss Prevention Measures
- Conclusion
- Sample Moorage Agreement  
(Thank you, Port of Anacortes!)

# Alliant Seattle - Washington Port Clients



Port of Grays Harbor  
On Washington's Pacific Coast



# Derelict Vessels: The Problem



- Public Ports have always had to deal with uninsured vessels moored in marinas.
  1. In 1995, the PNW experienced a major ice and snow storm. Virtually every covered marina sank.
    - a) Many insured vessels owners had their costs covered by their insurers.
    - b) A group of insurers for the vessel owners sued individual Ports. The Ports were largely successful in defending their actions.
    - c) Uninsured owners of vessels banded together and sued Ports. These lawsuits were the most expensive.
  2. 2016, 2017, 2018: Alliant has responded to 12 claims involving the removal of wrecks. The costs to address these claims AVERAGE over \$200,000 per incident.
- Regulatory Agencies, Coast Guard, DNR and Ecology see the Ports as the bank.
  1. Ports must finance the cost of removal, clean-up, remediation, and storage of vessels.
  2. Ports are then responsible for collecting from the wrongdoer/tenant. This is expensive or many times unsuccessful.

## *Washington has one of the toughest derelict vessel laws:*

1. Every moorage facility must require as a condition of moorage proof of marine insurance. (Transient vessels are exempted.)
  - a) Liability limits of at least \$300,000 per occurrence
  - b) Coverage must include Pollution Liability
2. Moorage facility is NOT required to:
  - a) Independently verify that a mooring vessel's policy meets these requirements
  - b) And, the mooring facility is not responsible for any change in insurance coverage that occurs after the moorage agreement is signed
3. Any private moorage facility operator who fails to satisfy the requirements of this section incurs secondary liability under RCW 79.100.060 for any vessel located at the private moorage facility that meets the definition of derelict vessel or abandoned vessel as those terms are defined in RCW 79.100.010.

# Derelict Vessels: The Cost and Regulatory Issues



## *The Ports are the bank*

1. Coast Guard, DNR, and Ecology can all get involved. As the owner, these agencies look to the Port to be responsible for all of the costs.
2. Costs include:
  - Port Staff time
  - Emergency Response
  - Raising the Vessel
  - Pollution Remediation
  - Other?

\$200,000 - \$300,000 Per Vessel

3. If the vessel is uninsured OR underinsured, the regulatory agencies will expect the Port to cover all of these costs.

# How Do the Ports Protect their Assets



## 1. Strong Moorage Agreements:

- a) Require insurance limits that comply with Washington State Law  
Minimum: \$300,000
- b) Require coverage for Pollution Liability
- c) Require that the Port be named as an Additional Insured
- d) Enforce Hold Harmless provisions
- e) Require proof of insurance

## 2. What is “Port Risk” Insurance? What does it mean?

## 3. How does the Port qualify vessel insurance? What are the differences?

	Yacht Insurance	Homeowners Insurance
Additional Insured Status	Yes	No
Removal of Wreck	Yes	No
Clean-up of Pollutants	Yes	No
Vessel Liability Coverage for Injury to Others (including the Port)	Yes	Are you sure OR does the policy only insure damage to the vessel?

## *What happens when the vessel has no insurance or limited insurance?*

1. There is damage to the Port's property:
  - a) The standard Property policy will cover damage caused to your property by perils such as fire
  - b) HOWEVER, it will not cover "Removal of Wreck" unless the coverage is specifically added
2. There is contamination caused when the vessel sinks. This coverage is part of the Port's Marine Liability: Sudden and Accidental Pollution Liability

Ports need both policies to address costs when a vessel sinks.



# Other Protective Measures



1. Know the resources in your area:
  - a) Marine surveyors
  - b) Global Diving
2. Can you keep a vessel out of your marina if it appears to be a problem?
3. Do you have procedures in place to address an emergency of a vessel sinking at your Port?

# Conclusion



- Derelict vessels are expensive and time consuming
- Even when the Port takes all of the appropriate measures, you can still have uncovered losses
- The Port's insurance can help mitigate costs. However, it is not a complete solution.
- Strong enforcement of moorage agreements as well as identifying resources in your area are critical.
- Have a plan!

# Sample Moorage Agreement