

## Sue Harrison

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**From:** George Wallace  
**Sent:** Thursday, March 08, 2018 11:02 AM  
**To:** Sue Harrison  
**Cc:** Doug Bradshaw  
**Subject:** FW: Watercraft being used as hotels and motels

Sue, please include this email for any Bight Board Agenda item on the issue of "Term Charters" allowing overnight stays .  
Thanks

**From:** George Wallace  
**Sent:** Monday, March 05, 2018 9:49 AM  
**To:** Doug Bradshaw <dbradshaw@cityofkeywest-fl.gov>; Greg Veliz <gveliz@cityofkeywest-fl.gov>; James K. Scholl <jscholl@cityofkeywest-fl.gov>  
**Subject:** FW: Watercraft being used as hotels and motels

**From:** Todd C. Stoughton  
**Sent:** Thursday, March 01, 2018 10:52 AM  
**To:** George Wallace <[gwallace@cityofkeywest-fl.gov](mailto:gwallace@cityofkeywest-fl.gov)>  
**Cc:** Mark Finigan <[mfinigan@cityofkeywest-fl.gov](mailto:mfinigan@cityofkeywest-fl.gov)>; Laura Estevez <[lestevez@cityofkeywest-fl.gov](mailto:lestevez@cityofkeywest-fl.gov)>  
**Subject:** FW: Watercraft being used as hotels and motels

George,

As per our discussion, here is what Sid Webber believes would be the appropriate insurance for tenants using vessels as a rental for overnight stays. Please let me know if you need anything else.

Respectfully,

Todd

**From:** Sid Webber [<mailto:sid.webber@interisk.net>]  
**Sent:** Thursday, March 01, 2018 9:58 AM  
**To:** Todd C. Stoughton <[tstoughton@cityofkeywest-fl.gov](mailto:tstoughton@cityofkeywest-fl.gov)>  
**Subject:** Watercraft being used as hotels and motels

Todd,

I have given considerable thought to the City licensing watercraft docked at the City marinas as a hotel or motel. The following comments (segregated into risk management issues and recommended insurance requirements) are offered.

### Risk Management Issues

It is believed the City should require the owner of the watercraft (licensee) to comply with all State and local ordinances and regulations that apply to hotel and motel operations. In addition, the City should require the owner of the licensee to provide evidence that they are in compliance with such ordinances and regulations.

The tenants of the licensee should be prohibited from operating the vessel. All operations should be conducted by a licensed captain. Ideally the captain or member of the crew should be on the vessel whenever tenants are aboard. This may be difficult to accomplish.

### **Recommended Insurance**

The City should require the following types and amounts of insurance before a license is issued.

1. Statutory Workers' Compensation and Employers Liability coverage with minimum limits of \$1,000,000/\$1,000,000/\$1,000,000.
2. Marine General Liability with minimum limits of \$2,000,000. Marine General Liability coverage is comparable to Commercial General Liability coverage with the watercraft exclusion typically found in CGL policies deleted. This will provide coverage for incidents that happen dockside and not on the vessel.
3. Business Automobile Liability with minimum limits of \$1,000,000. You may get some push back on this issue but the Licensee will be required to use a vessel when they come to the marina to service the vessel.
4. Protection & Indemnity coverage with minimum limits of \$2,000,000. Such coverage should include watercraft liability and wreckage removal coverage. This policy is designed to provide coverage for the marine operations of the vessel.
5. Jones Act coverage with minimum limits of \$1,000,000. Such coverage is designed to provide the coverages specified in the Federal Jones Act statutes. You can view Jones Act coverage as Workers' Compensation coverage for the Master and Crew of the vessel.
6. Environmental/Pollution Liability coverage with minimum limits of \$1,000,000 that will respond to any pollution events emanating from the vessel/hotel/motel.
7. Employee Theft coverage with minimum limits of \$1,000,000. That will provide coverage for employees of the Licensee if a tenant alleges that their personal property was stolen while the vessel was being cleaned or serviced.
8. Liquor Liability with minimum limits of \$1,000,000. I can envision tenants renting the vessel with the understanding that the vessel will be stocked with beer and alcohol. Host liquor liability will not be sufficient since it only provides coverage for liquor related claims if the Insured is not in the business of selling, the production, transportation of alcoholic beverages. Even though they may not make a specific charge for the alcoholic beverages, the courts could rule that the charge is part of the fee being paid for the vessel.

I will make myself available to discuss this issue in more detail at your convenience.

Sid Webber  
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