



Yacht Insurance and Market Update –

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There remains a good cross section of US based A+ rated yacht insurance carriers plus Lloyds of London markets available for boat buyers and owners though, despite the fact that we have several carriers exit the market or substantially change their guidelines. Premiums are rising to some extent due to the claims situation the last few years and pressure from shareholders to remain profitable, but I don't see excessive increases across the broader market. As boat owners, we all got used to lower premiums than what we should have been paying in the last 10 years as carriers competed for the business and volume.

The last several years has been a challenging time for boat insurance carriers in particular and insurance carriers in general. While hurricane season the last two years has not been as bad, there were still substantial losses in parts of the country and the carriers are still reeling from the catastrophic losses that occurred in the Bahamas and Caribbean in several prior years to that. Add to that, in terms of insurance claims, carriers worldwide have been dealing with a wide range of natural disasters from Tsunami's, earthquakes, forest fires, typhoons, etc., the last several years which have all put pressure on the insurance carriers to be able to absorb claims and the resulting payouts, while still trying to stay solvent, be profitable and be there for their clients in the future.

Two of the areas I am asked about the most right now, is, "Can I keep my boat in FL during hurricane season if I am not there and how big of jump in size will an insurance company allow that I can get coverage"?

The answer to the first question, there are very limited options to keep your boat in FL during hurricane season, if you are absentee owner, if the boat is of any substantial size. If a carrier will allow it, they will require a comprehensive hurricane plan including a possible guaranteed haul out provision and a captain assigned to oversee the boat. If you are a full time FL resident on the other hand, there are several carriers that will write that as long as you have a reasonable hurricane plan.

With people moving in to much larger vessels in the last two years than they have previously owned, this has been a challenge for us the insurance industry. Up to around 40', the carriers are pretty willing to quote coverage if someone is making a substantial jump. Above that has become more challenging. A 10' to 12" jump is fairly easy. More than that, it can be more difficult. I am proactive with our clients that apply for financing to pursue a dual track with obtaining insurance quotes as we proceed with the financing part, so that we know that we have insurance coverage options in place as we move forward towards settlement. A detailed boating resume, including not just ownership history, but chartering history, friend and or family boats you have operated for any substantial amount of time is very helpful when we go to a carrier for quotes.

I encourage everyone to look at their policy and coverages upon renewal, or before you start boating in the spring, if your boat is currently in layup. Make sure your policy is an Agreed Value policy versus Actual Cash Value. Agreed value policies will pay the amount you have the vessel insured for in the event of a total loss versus a depreciated value under an Actual Cash Value policy. Do you have the proper amount of liability coverage? I recommend \$500,000 for any vessel of a value of \$100,000 or more. Do you have an umbrella policy? Umbrella policy coverage is very inexpensive and most umbrella policies start at \$500,000 up to the limit you pick, and can piggyback on your yacht policy. For those of you with your boats in layup. Make sure you notify the carrier if you plan to move your boat within the layup dates. Don't take a chance as a claim will not be covered. It's easy for the carrier to endorse the policy to provide coverage if you plan to do that.