Yacht Insurance and Market Update

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As peak hurricane season winds down along the East Coast, we've been fortunate to experience an exceptionally quiet year for named storms: largely thanks to El Niño, as many experts have noted. Unfortunately, regions across the Pacific have seen the exact opposite, with Hawaii bearing the brunt of several systems

But long before satellites, radar and modern forecasting, Bahamians had their own way of predicating what kind of hurricane season might be ahead. Locals historically relied on the Sahara Desert; heavier dust blowing across the Atlantic was believed to signal a quieter hurricane season. I actually saw a version of this firsthand just last month in St. John USVI, when crystal-clear blue skies suddenly shifted to a hazy, smog-like horizon as Saharan dust swept in from across the ocean. While we have far more sophisticated forecasting tools today, it's a fascinating reminder that the residents of the Bahamas and Caribbean were paying close attention to the signs nature gave them.

Market Update: Yacht Insurance

There continues to be a strong mix of U.S.-based A+ rated yacht carriers, along with Lloyd's of London markets, available to boat buyers and owners. Over the past several years, the market has stabilized, and premium increases have slowed. One of the biggest drivers of rate adjustments today is the rising cost of vessel repairs, fueled by both inflation in raw materials and the increasing complexity of repairs, particularly when electrical and electric systems are involved. Lighting strikes are currently among the more prevalent claims we're seeing, particularly in the Southeast.

Policy Review: Protect Your Investment

Take time to review your policy at renewal or before launching in the spring if your boat is in layup. Confirm you have an Agreed Value policy, which pays the insured amount in a total loss, rather than an Actual Cash Value policy, which factors in depreciation.

Ensure you have adequate liability coverage—I recommend at least $500,000 for vessels valued at $100,000 or more—and consider adding an umbrella policy, which is affordable and can extend your yacht policy limits. If your boat is in layup, notify your carrier before moving it during that period. A quick endorsement can maintain coverage and prevent uncovered claims.

Questions that are frequently asked:

"Can I keep my boat in Florida during hurricane season if I'm not there?"

For absentee owners, options can be very limited, especially for larger vessels. When coverage is available, carriers typically require a detailed hurricane plan, a guaranteed haul-out provision, and in some cases a designated captain to oversee the vessel. Full-time Florida residents have more flexibility as long as a solid hurricane plan is in place.

"How big of a jump in Boat size will insurance carriers allow?"

When moving into a larger vessel, carriers are generally more comfortable with increases of roughly 10–12 feet, particularly for vessels under 40'. Larger jumps—15 feet or more—may require additional training or experience with captain training requirements varying significantly based on the size of the vessel, the size of the jump and the boaters experience. A detailed boating résumé can also make a difference when seeking quotes. Include previous ownership, charter experience, and operating history, and any relevant training or certifications.

"I reviewed my policy and decided to shop. And the quote I received is substantially less than what I pay now; What's the Catch?"

If it seems too good to be true, it probably is: always read the fine print. Who is the carrier? Is it a recognized US insurer whose ratings you can verify? If not, ask your agent exactly who is backing the policy. Recently, I've seen quotes where you have to dig multiple layers just to discover it's a Lloyd's policy. A major giveaway is a line item for "surplus lines tax". Lloyds- backed policies can carry significant exclusions. For example, I recently reviewed one that did not have named storm coverage until it was a hurricane meaning a 70-mph tropical storm would leave you completely uncovered. It even excluded night navigation, which is very important to most boaters or anyone looking to do long range cruising. Bottom line: Don't compare insurance polices on price alone!