

DISCOVER THE DIFFERENCE

General Intro

There is a general misconception that all insurance policies are the same – they are not! It would be a fantasy to believe that any one insurer or policy will give you absolutely everything you could wish for, so just how can you navigate through the plethora of small print? We hope this non-biased guide to Yacht Insurance will help you to a greater understanding and balanced view of what is available.

Buying a boat is an enjoyable experience. You may spend a very long time looking at boats, then reading magazines and sale brochures, or poring over photographs in a yacht broker's window, and you're never really bored with the process. But buying insurance for the boat once you've got it doesn't hold anything like the same attraction!

For one thing, when you are buying a boat, it's likely you know a fair bit about boats. But just because you're buying insurance it doesn't mean you know much about it. It's just something you have to have, and mostly we either take someone else's word for it that it covers what we'll need, or we make a decision based on price – whether that's to go for the cheapest and hope we don't need to claim, or to go for the most expensive because that must be the best!

There is a point at which a Bookmaker decides to accept a bet – he determines what the odds are against something happening. An insurer does roughly the same. He assesses the odds of certain events happening, and how much it will cost him if any of them does. As a general rule, if premiums differ between two insurers – unless one of them is making far more profit than the other, which is unlikely, or unless volume of business provides economies of scale – something in the equation should be different – either the events covered or how much the insurer will pay.

This guide to yacht insurance seeks to give you enough information to find your way through the mysteries of insurance and to give you an idea of what questions you should be asking before you select an insurer.

Hull Insurance

Hull insurance covers you for damage to your own boat. There are two types of policy – an insured perils policy or an all risk policy. It is over simplistic to say that one gives wider cover

than the other. When you look closely at the scope and the exclusions you may wonder if there is any difference at all! But the main difference will be found in how the policies operate when you have a claim.

Basis of cover

An insured perils policy will give you a list of specific events that you are insured for – subject to a list of exclusions, of course! You will need to tell your insurer if any of the specified events happens. The insurer will tell you if any of the exclusions applies. An all risk policy will insure you against "any" accident or accidental damage – subject, again, to a list of exclusions. Since an "all risk" policy is generally more inclusive in the scope of cover, you only need to tell your insurers that your boat has been accidentally damaged. It is then up to the insurers to tell you if an exclusion applies – but the list of exclusions will quite likely be very much longer, as the insurers try to limit their exposure to roughly the same as an insured perils policy.

Exclusions

So if the cover is fairly standard between all insurance policies, is the difference in what they exclude?

Well, certainly there are some differences here. Insurance is about protecting yourself against the unexpected, so policies will generally exclude those things which can be anticipated or prevented. Many of the exclusions therefore come down to things like wear and tear or "gradual deterioration", or lack of maintenance. If something is likely to fail due to its age or condition, replacement is something you should be considering yourself, and any responsible boat owner will carry out regular inspections and maintenance.

Another thing that is generally excluded is faulty parts, because if a part fails due to a fault in construction before it would otherwise be expected to need replacing, you should be able to hold the manufacturer responsible.

And as with any sport, you have to accept that there are some things that have a limited lifespan – like sails or rigging.

But one very important question you need to ask is, if you have an accident because of a part failing due to wear and tear or fault, is the resultant damage excluded, or only the part that failed? And is that really clear in the wording? Watch out for "damage due to..."

Premiums

So how are premiums calculated? Insurers set what are called “equitable” premiums – which means they should be fair to both the insurers and the policyholders. The premiums collected from all the policyholders need to cover the insurers’ administration costs, any commissions they pay to intermediaries, and the claims of the small percentage who will suffer an accident – and then generally return a small profit.

In some years insurers will, indeed, make a profit, and at those times – particularly if you are one of the lucky ones who haven’t needed to claim – you may be inclined to think insurance is just a big rip off. But almost all insurers of boats will also experience years in which they suffer losses, and sometimes those losses can be pretty significant, particularly with changing weather patterns!

Insurers will assess what they believe to be the degree of risk each policy brings to the overall portfolio of business. So they will assess the experience of the owner or skipper, the type and age of the boat, the use to which it will be put, and the location in which it will be sailing and wintering.

Why is location a risk? Well there are many reasons. A boat kept in a marina is subject to different risks than a boat on a tidal estuary mooring. With people sailing further afield, insurers have to consider the risks posed by pirates, as well as geographical features such as reefs and storm patterns. But another factor is the cost to insurers of handling claims and the cost of actual repairs in locations that are further away from home territory – sometimes involving repair facilities whose expertise is an unknown quantity, and sometimes having to arrange to move the boat to another location for repair. If the boat can be repaired locally, the claim may include the cost of transporting, for example, a replacement mast from the supplier to some far flung island.

Once the insurers have assessed all the factors, they decide on a premium rate, which is then usually applied to the sum insured (value of insured property) to determine the annual premium.

No Claims Bonus

Many insurers now offer a No Claims Bonus system on yacht insurance. It’s worth looking at this, as it can vary between insurers. Some offer NCB building up in 5%’s, usually from 5 – 20%, whilst others may make jumps of 10% or 20% annually with higher maximum NCBs. The rate

at which NCB builds up clearly affects the amount of net premium you will pay.

Some insurers will protect NCB against certain types of claim, or against the first claim in any one year. Check whether your NCB will be protected, and in what circumstances.

Also, check what happens if the NCB is not protected. If you have a claim will the NCB be reduced, or will it disappear completely? Watch out for wording that says the No Claims bonus will only apply if there have been No Claims in the previous year!

Some policies won’t have a No Claims Bonus. There are various reasons for this. One is that if your boat is laid up you may not be earning No Claims Bonus as the boat is not in normal use and therefore not subject to the same risks. Another reason is down to a market trend that boats of higher value are rated on a different basis and often policies don’t carry an NCB. Whatever the reason, unless it is that you just haven’t earned any NCB yet, you should find that the premium rate has been calculated in such a way that the premium you pay is roughly the same.

Excess

Most of us understand the term “excess” to be what we have to pay ourselves when we have a claim. It is that sum “in excess of which” the insurers will meet the costs. The excess may also, sometimes, be called the “deductible” – that part which the insurers deduct from payment. The excess can vary from insurer to insurer – not just in amount, but also in the way it is applied – so if you are comparing two policies, one possibly with a higher excess than the other, look also to see what type of claims it does or does not apply to. Some insurers will apply it to all claims except total loss, other insurers don’t apply it to some types of partial loss claims.

Surveys

Once your boat reaches “a certain age”, an insurer is likely to want to have a look at a condition survey. This is because no two boats will be used or looked after in exactly the same way, and the general condition of two boats of the same type and age may be vastly different. The insurers need to be able to assess just how much of a risk they are getting into – if, indeed, they are prepared to take it on.

A survey is expensive. But it benefits you, too, to know what condition your boat is in and any remedial work that may need doing. Your own safety may depend on it! It also benefits you in that, without the opportunity to assess the

degree of risk in detail, the insurer would need to charge much higher premiums. And if your insurer doesn't want to see a condition survey, perhaps you should question, "why not?" If the condition is not important, is it because old or worn items are not insured?

However, it's worth checking when insurers request surveys – both the age at which a first survey is required, and also the intervals at which they are required, since this can vary between insurers and can be quite a costly procedure.

One final point on surveys – the insurers will use this as a tool to help them assess the degree of risk. Just because they accept what the survey says is the condition of the boat for the purpose of determining premium, it does not mean that they will pay out under your insurance policy for any defects not picked up by the surveyor! That is between you and your surveyor – so it's worth making sure you select your surveyor carefully. In the UK, the Yacht Brokers, Designers and Surveyors Association (YBDSA) and the Royal Institution of Naval Architects are two examples of organisations that hold lists of suitably qualified and experienced surveyors who all carry Professional Indemnity Insurance.

Valuations

Whilst an insurer or intermediary may have a rough idea of what the value of a particular yacht ought to be, because used boats can vary so much in condition, they will not be able to put an accurate value on it. So the valuation – and the amount for which you insure your boat – will generally be down to you to decide, though if your valuation is very far away from what the insurers think it should be, they may ask for a professional valuation, or they may ask you to support your valuation by producing receipts for work carried out, or equipment added.

Is it important to get the valuation right? As with the answer to many questions, "it depends"!

There are really two issues to look at here. The first is what your insurance policy will pay out if your boat is a total loss. Let's say your valuation is on the generous side. If you have an Agreed Fixed Value policy, or the policy says that in the event of a total loss the insurers will pay you the whole sum insured, then that is exactly what you will get – whether or not the valuation was "correct" (provided you did not deliberately misrepresent the value in the proposal form and have not, for example, exaggerated the purchase price). If your policy isn't an Agreed Fixed Value policy or says that settlement will be based on the "market value at the time of loss" you may find the insurers try to negotiate

settlement to a lower figure than the sum insured.

The second issue to look at is how claims for partial damage are settled. This time, let's suppose that your valuation is on the low side. If you have a policy that says it will pay for partial damage at the actual cost of repair, then you shouldn't have a problem. If, however, you don't have that luxury, you may find the insurers using the argument that because you have not insured the full value of the boat, they should not pay the full value of your claim. This is known as "average" – and it's worth watching out for the use of "average" in any of the wording relating to settlement of claims.

One final point on valuations; it is a general principle of insurance that you should not benefit financially from an insurance policy. The definition of indemnity is to put you in the same position after an accident as you were in before the accident. And as far as possible that is what should happen. But you should not be in a better position, having a more valuable asset. However, it is possible to insure your boat for more than its value, particularly in the early years, so that you insure for what it would cost you to replace it with a brand new boat of the same make and model. If this is something that is important to you, it's worth asking insurers whether they can offer this.

New for Old

The term "New for Old" is used by insurers when they are replacing used items with new items. When this happens, the insurers will sometimes ask you to make a contribution towards the "improvement", often by making a deduction from the amount you are claiming (the cost of the replacement).

This is a common feature in many insurance policies. But it's worth looking at when and how this is applied. Does it kick in when the boat reaches a certain age, or can it be applied at any time? Does it depend on the age of the boat, or the age of individual parts and equipment? If a deduction is made, is it made on the cost of the parts only, or on the whole amount claimed including any labour costs?

Betterment

The term "betterment" appears in quite a few insurance policies, and can often be confused with "New for Old". New for Old is applied when an old part is replaced with a new one. Betterment is applied when the insurers consider that, having repaired damage, your boat is better than it was before. This may be the case, for example, when paintwork is due to be attended to and is undertaken following damage to a small area of the hull. Repainting the whole

hull is not necessarily the insurers' responsibility, and will provide overall betterment, so the insurers may expect a contribution from you and may deduct an amount by way of "betterment".

Surveyors & Loss Adjusters

If you do have a claim, your insurer may appoint either a surveyor or a loss adjuster (or possibly both!) to assist them in assessing your claim, though this will depend on circumstances and it is by no means necessary for a surveyor or loss adjuster to be involved in all claims!

Both surveyors and loss adjusters should be totally independent of your insurers, though it may be worth checking, particularly in the case of loss adjusters. If they are independent, then their report and advice to your insurers should be impartial.

A surveyor's job is to inspect the damage to your boat, to determine the cause and/or verify that it is consistent with the event you have reported, to report the extent of the damage and how it should be dealt with – whether repair is feasible, whether parts can be sourced etc. The surveyor will generally make his report to the insurers, and it is then for them to decide whether the damage is covered under the terms and conditions of your insurance policy, and, if it is, how they intend to settle your claim.

A loss adjuster may become involved if your claim is complicated. This may be because not all the damage to your boat is due to the insured event – there may be other damage needing attention. It is the loss adjuster's role to sort out where the division of responsibility and costs lies. A loss adjuster may also get involved if there are vastly differing estimates from different repair facilities, or if the estimates contain items that do not appear to be consistent with the insured damage. The loss adjuster should not be deliberately trying to reduce your claim for any valid items – he is only looking for the fair and reasonable liability of your insurers.

In many cases, the role of loss adjuster may be fulfilled by the surveyor, particularly if he is experienced and has carried out work for your insurers on many other occasions.

Basis of settlement

In addition to the points already made, there are some further points to note.

Unfortunately we all have to accept that there are those who make fraudulent claims, and there are those who use their insurance policies to replace items that are wearing out. To protect

against this, some insurance policies allow for settlement of some items at "market value at time of loss". This may particularly be applied to those items where their existence prior to the event, or their "loss" due to the event, cannot be easily verified. In this way, the insurers are trying to ensure that the claimant does not financially benefit from the "loss". A common example is outboard motors "dropping off or falling overboard". If replaced with new, this might be just too much of a temptation for someone with a failing or outdated outboard.

Another important issue is settlement that is reduced to allow for depreciation on some items. Where this is noted in an insurance policy it most often refers to sails, canopies, covers and other items that have a limited lifespan.

One further important feature to watch out for is a policy that allows the insurers to substitute a boat, or parts, of a similar age and condition as yours, rather than to replace with new, or make a cash settlement.

Whilst it may not adversely affect your claim, most policies allow the insurers to decide where repairs will be carried out, though the majority of insurers will be prepared to negotiate with you if you want repairs carried out at the yard of your choice.

Personal Effects

Where personal effects are included in your yacht insurance policy, the definition needs consideration and it will almost certainly exclude valuable items, and may also exclude, for example, mobile phones and spectacles.

Personal Effects is one area where, under many policies, the insurers will offer settlement on the basis of "market value at time of loss" or at a depreciated value to allow for wear and tear. This is most likely to be the case if the Personal Effects are insured on an all risk basis, rather than for specified insured perils only.

Another point to check with Personal Effects is whose belongings are covered? Some policies will restrict this to the belongings of the policyholder and his family.

Unpaid and Underpaid Claims

We've all heard the stories, haven't we? Maybe you're one of the unfortunate ones who have experienced having a claim rejected or not paid in full. So what is the truth about this unpleasant and often controversial subject?

The vast majority of insurers will settle valid claims without any argument. The vast majority

will also settle to the full extent of their liability. So why are some people dissatisfied?

The truth is, sadly, that the majority of people who are dissatisfied because their claim is rejected or not settled in full are unhappy because they have not received what they wanted – which is not always the same as what they were entitled to.

In rare cases a claim may be rejected because the policyholder has not disclosed some important fact before the insurers agreed to give the cover. This may be something to do with the condition of the boat, or perhaps previous claims history. Also in rare cases, the policyholder may have breached an important and significant contractual term. But these are the rare cases.

The vast majority of perceived “unpaid” or “underpaid” claims are because not all the damage that is claimed for is due to the insured event, or because a boat that was new or in perfect condition before the event can never be “new” again, no matter how good the repair.

If the boat that is your pride and joy is damaged – particularly if it is not even your fault – it is natural to want to have it replaced with a new boat. But if it is repairable, and unless your policy allows for a replacement (which is unlikely), your insurance policy may not give you what you want, but it will give you fair settlement under the terms and conditions of the contract of insurance, for repair to an acceptable standard.

Similarly, if the damage to your boat is found to be due to the poor condition of the boat prior to the event you are likely to be unhappy with your insurer’s response, but it does not mean they are being unfair.

Use of vessel

Many insurance policies will have restrictions or conditions on your use of your boat, including restrictions on single handed sailing, restrictions on overnight passages, minimum crew requirements, and seasonal lay-up periods. It’s worth considering these, as not all policies contain such restrictions, and having a little bit of flexibility to make the most of unexpectedly good days out of season can be a real bonus. Furthermore, the knowledge that you can move your boat to a safe place, single-handed, before the storm arrives, can be reassuring.

The majority of insurers will exclude racing, but with the option to include it with tighter controls on claims, possibly for an additional premium. Some policies will include racing as a matter of course, and if it’s only a matter of occasional

club racing, probably without any additional restrictions or limitations on claims.

Policies vary considerably on the question of living on board. Some policies will cover use as a houseboat, some will not. Some will specifically exclude living on board during any period of lay-up, with perhaps the odd night or two permitted if you are working on your boat.

Charter can often be included though some insurers will charge an additional premium for this. Again this may vary from insurer to insurer, and will depend on whether the proposed charters are skipper-charter or bareboat.

Also worth checking is who is covered to use your boat. Does the policy cover only the policyholder, or does it include anyone he chooses to lend his boat to?

Tenders/Dinghies

The majority of insurers will allow you to insure the tender/dinghy you usually use in connection with your yacht under the same policy as the main hull is insured, but this will very much depend on the relative values. Some insurers may allow you to include more than one tender.

An important point to consider is that the policy will probably only cover the dinghy while it is being used with the main boat. If it is to be used on its own, for example if your children are using it on inland waters or tidal estuaries, it may not be covered.

Some insurers require the dinghy to be marked with the name of the main vessel. On the one hand this can deter thieves, and makes identification easier, but it also can advertise the fact that, if the dinghy is moored in a sunny bay, the boat anchored off shore may be unattended.

If the dinghy is included under the hull section of your main insurance, do check whether the excess is the same for the dinghy as it is for your yacht, and also check whether the dinghy is covered only at “market value”.

Liability Insurance

Liability insurance covers amounts for which you become legally liable as a result of causing damage to another person’s property (usually another boat) or causing injury to or death of another person.

The majority, but by no means all, of insurers include liability to third parties in the same policy as the hull insurance. There are a handful of insurers that will offer Third Party Liability insurance on its own. Keeping this policy

separate does mean that claims on the one policy should not affect the premium or conditions on the other.

The other advantage of separate policies is the availability of liability-only insurance to those with low value boats and/or who have decided to cover their own damage themselves.

In marine insurance, liability is not always easily determined. It is necessary to demonstrate negligence to the extent that a court of law would be able to attribute legal liability. Of course, this does not mean that all claims for liability would or should get to court! But it does mean that, even though someone else's boat or property may have been damaged, or someone may have been injured, in an accident involving your boat, it may not legally be your liability.

This is a difficult concept for some to understand, particularly as we are mostly more familiar with the way in which motor policies treat liability. Only consider the recent suggestion that if a motorist injures a child in a road accident, no matter what the circumstances and, regardless of blame, that child should be able to claim against the driver's insurance policy. Is it any wonder we have lost an understanding of the legalities of fault-based liability?

Property damage claims are usually relatively easy, unless liability is in question, for example when collision regulations and/or racing rules are involved.

Personal Injury Claims are becoming more costly – both because of their frequency and because of the level of awards for injury – and this is pushing up premiums. Personal injury claims will usually be left to solicitors and expert medical witnesses to argue or settle.

Limits of indemnity may vary between insurers. Two to three million sterling is normal for the majority of boats, although this will represent the total liability of the insurers for personal injury and property damage, and the limit on individual personal injury claims may be less than this, though it should certainly meet current guidelines on liability.

A standard liability policy won't usually cover you for any liability towards anyone in your employ, but you should check that it includes cover for your liability to anyone using, carrying out maintenance on, or onboard your boat as a guest, as well as your liability towards anyone on another boat or a jetty or pontoon. Some policies will go further than this, to cover the liability of one of your crew/passengers towards

another of your crew/passengers. Again, it's worth checking the wording to see what's covered.

Make sure that your insurers are aware of any unusual activities in which you are involved that may increase your legal liability over and above what would normally be expected of the average boat owner. Examples might be sail training, or taking out groups of disadvantaged people – even on a voluntary basis. Many insurers will be pleased to assist you by including your voluntary work, but it will be safer to check beforehand.

Legal expenses

As with car insurance, legal expenses is often a little "bolt-on" policy for which a nominal premium is charged. This type of insurance provides funding for your legal expenses in various circumstances associated with ownership of your boat. It will sometimes cover the costs of representing you if you are prosecuted for navigational infringements, or will provide for the cost of pursuing those who have damaged your boat. This may be of particular benefit to those who don't have Hull insurance. Your legal expenses policy may also provide you with assistance if you have any problems with a supplier of parts or repairer of your boat, who isn't exactly proactive in sorting the problems out!

One of the major benefits of this policy is that it will give you telephone access to a solicitor's advice when you are in difficulties – some policies even extend to giving you employment advice if you employ crew. Most of us will, thankfully, never use this policy, but when you do need some legal help, it is a very good and inexpensive way to tap into this resource.

If you are sailing further afield you will need to watch out for territorial limits on these policies, as they may vary from section to section.

Personal Accident Insurance

With all the adverts around these days for solicitors asking if we've had an accident that isn't our fault, we're increasingly led to believe that everything is somebody's fault! Unfortunately, that isn't always the case. Do you remember the days when there were simply "accidents"?

Fewer of us carry Personal Accident Insurance these days, and if we do, it may exclude sailing accidents. So a Personal Accident Insurance policy that specifically covers boating accidents can be quite attractive.

Personal Accident Insurance shouldn't be confused with a Medical Expenses policy. A Personal Accident policy simply pays a sum as compensation for a permanent disability or death.

Some insurers include limited Personal Accident cover "free" under a comprehensive yacht insurance policy. Others offer a stand alone policy for which you will be charged a separate premium. If you are interested in insuring against accidental disability – for example loss of use of a leg or arm – look closely at the limits offered. If it's included within the main yacht insurance, the chances are that the maximum amount available will be £1,000, whereas a good Personal Accident Policy should not cost more than £30 a year for 30 times that amount.

As with other types of insurance, it's worth noting who is covered. Does the policy cover only the policyholder, or does it extend to others on board? A good policy will cover all those onboard – and you may not even need to name them on the policy.

Medical expenses

Medical Expenses is another area that has crept in as a "freebie" on some comprehensive policies in recent years. If it's included in the main insurance policy, again, the cover will probably be very limited – possibly just a few hundred pounds available for emergency medical treatment following a boating accident.

It is possible to find policies that will cover all medical emergency treatment, except in your home country. Obviously this type of cover will not be cheap, but there are economical ways of achieving cover for medical emergencies.

Some insurers offer a Mariner's Travel Policy which will serve this purpose. However, it should be noted that these policies are for emergency medical treatment. The insurers have the right to pay for you to be returned home for further treatment under the NHS or other national equivalent once the initial emergency is over. This is not a private medical insurance policy, but then, nor is the cost anything like the same!

War risks

This type of insurance will extend your Hull insurance by covering the war risks excluded under most hull policies.

Lloyd's of London maintains a list of areas where war is either ongoing, or is a serious potential threat. It is regularly updated using information from Lloyd's agents around the world.

This insurance won't cover you for going into a war zone! Nor will it cover you for leaving your boat there. It excludes any areas already listed, but once there is a threat in a new area it will give you 7 days notice of new listings – so 7 days "grace" to make arrangements to remove your boat. During those 7 days, your boat will be insured.

You need also to be aware that cover automatically ceases on detonation of any nuclear weapons, or on outbreak of war between major nuclear powers.

The policy also covers your boat in the event of strikes and lockouts or confiscation by authorities (not confiscation due to your criminal activities though!)

Transportation and Marine Cargo

If you are moving your boat by land, this may be covered under your Hull policy. Check with your insurers, as some insurers have restrictions on length of boat automatically covered for overland transport.

If you are using professional hauliers, then your policy may well exclude damage during transit. However, you need to check very carefully just how much insurance the hauliers have, as many don't carry sufficient insurance to cover the value of more expensive boats, and you may find yourself with damage falling into the gap between the exclusions of your own insurance and the shortfall of the hauliers' insurance.

If you are arranging overland transport and think you may have a gap in cover, the best thing to do is to talk to your insurers and see if they will extend your hull policy to cover you for an additional premium.

If you are moving your boat as cargo by sea – for example by Dockexpress – you will need to consider a Marine Cargo policy, which covers any damage that occurs during the loading, transportation and off-loading. You will need to have a pre-loading condition survey carried out, and this supports any claim that you make that damage occurred during transportation.

Crew policies

If you use paid crew on your yacht, you will need to give thought to some further insurances to protect them, and to protect yourself against claims they may make against you. If you have paid crew, you are an employer and you will have obligations and potential liabilities as an

employer and therefore you need to consider insuring your liability as an employer.

If your yacht is UK registered, or the owning company is a UK company, then it is treated as a UK place of employment and Employers' Liability insurance is mandatory.

If your company or your boat is registered outside the UK you will need to check what your legal responsibilities are under the laws of the country in which your boat is registered or within whose waters you are operating, or the country in which your company is incorporated.

There are special policies available for paid crew to cover them for Personal Accident and Medical Expenses. These policies are generally more robust than their counterparts for personal owners, and will often include payments for temporary disability or for incapacity due to illness. They may also include cover for the expenses of replacing sick or injured crew.

If you have paid crew on your yacht, it is well worth talking to a good insurance intermediary for advice.

Mariners' Travel Insurance

This little package has become quite popular in recent years. Based on a standard travel policy it covers all the usual problems associated with package holidays or other trips, including cancellation and curtailment, medical expenses, personal accident cover, loss of baggage, money and credit cards, personal liability and legal expenses, hijack and kidnap.

But this little gem is a travel policy with a twist! You can also use it when you are travelling to and from your boat, or, some sections, whilst you are away sailing for short or long trips.

Look out for little extras in this package, or talk to your intermediary about ways to adapt this for your own personal needs. Some insurers will allow you to opt out of sections of cover you don't need.

Superyachts

If you are the owner of a superyacht you will be aware that insuring your yacht is a complex task. You will need a package including almost all of the insurance discussed in this booklet, and possibly some not mentioned – but more than that, you want to feel comfortable that the people you are dealing with have sound knowledge and experience of this specialist field. We suggest you contact one of the specialist

yacht insurers or intermediaries to discuss your requirements in detail.

Insurer or Intermediary?

In recent years there has been an increase in the purchase of "direct" insurance. Clearly this can have advantages, as neither you nor the insurer has to pay a "middle man" so this should be reflected in the premium you are asked to pay.

However, insurance companies are large organisations employing large numbers of staff, and often using impersonal call centres. Some will have specialist yacht departments and may well employ some staff who have a specialist knowledge of marine insurance and possibly practical sailing experience.

Generally speaking, you should anticipate receiving a more personal service from a broker, and there is one very important point to remember here. A broker is your agent. He has a duty to put your interests before his own commercial interests or those of the insurers. Even those brokers who act under delegated authority from insurance companies have a duty to ensure that your interests are not compromised when they act on behalf of the insurers.

You may pay a little more if you buy insurance through a broker, but many believe it is money well spent.

Brokers vary greatly in their knowledge of specialist areas such as yacht insurance. A local "High Street" insurance broker – unless a boat owner himself – may not have sufficient understanding of the subject, even though he may handle your commercial insurances with considerable expertise. But there are a few specialist yacht insurance intermediaries and underwriting agencies from whom you can seek assistance, and they will usually employ people who share your enthusiasm for sailing!

Review

Here are some things to consider when comparing policies.

- If an accident happens because a worn part fails, is the part excluded or is the claim rejected?
- If there is a No Claims Bonus, is it protected at its maximum? If you have a claim, what is the effect on NCB in the following year?

- Do the insurers need a condition survey? If not, and your boat is more than, say, 10 years old, why not?
- Is the policy an Agreed Fixed Value policy?
- If a “New for Old” deduction can be applied, does it apply to parts and materials only, or to all costs including labour costs?
- What parts and/or equipment can be subject to deductions due to their age or condition when replaced following a claim?
- Can “average” be applied to claims, and if so, to what items?
- Can “betterment” be applied, and if so, to what items?
- Are any claims settled on the basis of “market value at time of loss”? If so, which?
- Can the insurers elect to replace parts – or the boat itself – with those of a similar age and condition?
- Do the insurers have the final say on where repairs are to be carried out?
- Whose Personal Effects will be insured?
- Is use of the vessel restricted in any way that may affect you – single handed sailing, night sailing, specified winter lay-up period, club racing etc.?
- Does the policy excess apply to all claims? If not, when does it apply?
- Is liability covered under the same policy as damage to your own boat? Does the policy excess apply?
- Will I be dealing with an insurance company directly or with an intermediary? How knowledgeable are the employees who will handle my policy?

Useful Addresses

<p>Financial Services Authority 25 The North Colonnade Canary Wharf London E14 5HS Tel. 0845 606 1234 Fax. 0207 066 1099 www.fsa.gov.uk</p>	<p>Financial Ombudsman Service South Quay Plaza 183 Marsh Wall London E14 9SR Tel. 0845 080 1800 Fax.0207 964 1001 www.financial-ombudsman.org.uk</p>
<p>Yacht Brokers, Designers & Surveyors Association The Glassworks Penns Road Petersfield GU32 2EW Tel. 01730 710425 Fax. 01730 710423 www.ybdsa.co.uk</p>	<p>Royal Institution of Naval Architects 10 Upper Belgrave Street London SW1X 8BQ Tel. 0207 235 4622 Fax. 0207 259 5912 www.rina.org.uk</p>
<p>International Institute of Marine Surveyors Stone Lane Gosport Hampshire PO12 1SS Tel. 0239 258 8000 Fax. 0239 258 8002 www.iims.org.uk</p>	<p>Pantaenius Yacht Insurance Marine Building Victoria Wharf Plymouth PL4 0RF Tel. 01752 223656 Fax. 01752 223637 www.pantaenius.com</p>

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