



# Mastering Rough Seas

A yacht underwriters view

# Current Issues



Falling Values

Establishing Current Market Value

The escalation of “The Moral” risk.

Owners Laying up Vessels

Lay up Guidelines/Reduced Crew

Repossession

Piracy/violent theft

# Falling Values



- We are seeing values reduce by up to 30% sometimes more
- Driven by desperate Owners reducing the asking price to achieve a sale
- Banks repossessing vessels and looking to offload the asset quickly
- Owners being more realistic in the current market

# What is the biggest risk to Insurers ?



- Probably the “Moral” one.
- How can we resolve the problem ?
- Request confirmation of current market value at renewal.
- Ask whether the vessel is up for sale and the asking price.
- Adjust the sum insured to match the answers provided.

# How do we establish current market value when there is no stability in new or used boat sales ?

- Survey
- Confirmation letter from a respected Yacht broker
- Monitor the market
- Utilise websites: [www.buc.com](http://www.buc.com) [www.thinkyachts.com](http://www.thinkyachts.com) [www.yachtshop24.com](http://www.yachtshop24.com) and many others.

# Owners laying up their yachts



- Megayachts laying for extended periods 6 – 9 months.
- Owners reducing crew to minimum leading to safety and maintenance issues.
- Problems on reactivation – new crew unfamiliar with the vessel leading to increased risk.
- The Lloyds Register Lay Up guide is geared towards commercial vessels but provides minimum standards that should be applied.

# Owners laying up their yachts



- Lay up Surveys generally not necessary
- Reactivation Surveys make sense if the vessel does not have a declared maintenance programme
- Lack of interest from Flag States

# Repossession



- Smaller values under 50 feet standard procedure
- Larger values (50-82 feet) similar procedure but generally more difficult
- Megayachts – Banks are reluctant to take possession as these vessels need continual maintenance and crew employment issues.
- Large expenses involved in repossessing Megayachts.



# Piracy/Violent theft



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