



Escalating Values of U.S. Factory Trawlers

Presented by F. Joseph Bersch III



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367' Mothership Excellence



Perspective



Vessel Owner and Operator, not an Underwriter

U.S. factory trawlers' insured values are rapidly escalating.



Current Challenge

- Older tonnage = decreasing value
- U.S. Factory trawlers = increasing value
- What is the explanation?

The American Fisheries Act

- Established 1998 to rationalize fisheries of the Bering Sea



The American Fisheries Act

Section 208 (e)

- Selected 20 eligible participants to form fishery cooperatives
- Cooperative contracts = pseudo property right to fish allocations
- Places limitations on ability to replace vessels and on use of vessels outside of Bering Sea

Limitations to Replacement

- Constructive or actual total loss
- Vessel must be built or rebuilt in US yard
- Hard to find existing eligible replacement vessel
- Only option is to replace with new construction

Coverage and Value

- Typical H&M coverages at 'Market Value'
- No inventory in market = no ability to assess 'Market Value'
- No Market w/o quota
- Recent sales not indicative of true market value



Trend since 2005 toward Increasing Insured Values

- Vessel owners shifting toward Replacement Values
- Banks want security
- Escalating replacement costs
 - ❖ Commodity prices
 - ❖ Yard space availability/cost
- Health of industry allows owner to buy additional coverage
- Higher Values Cost no more in Soft Market
- Awareness following major casualties

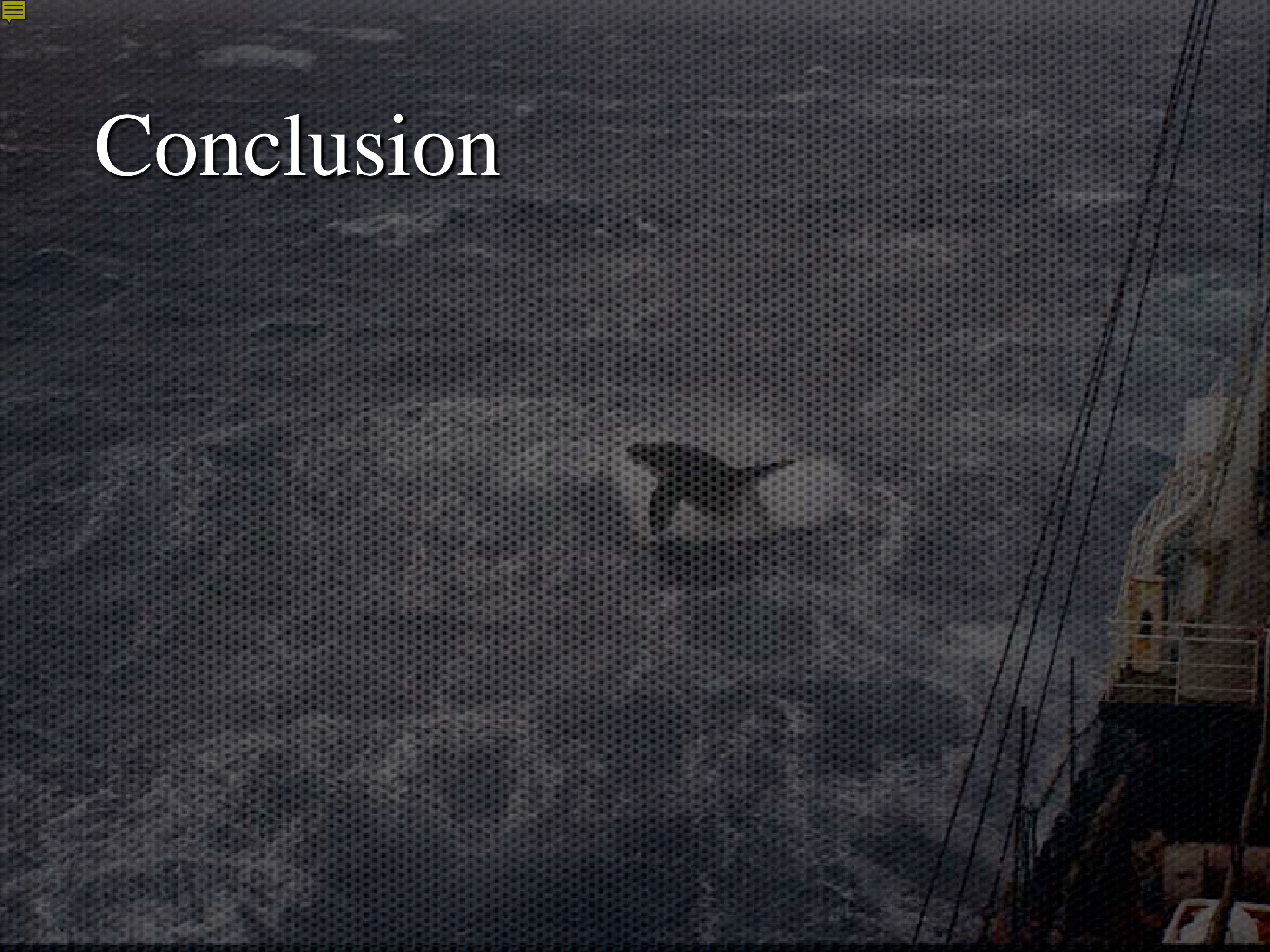
A photograph of a ship's deck covered in a thick layer of white ice. The deck is cluttered with various pieces of equipment, including a red and white lifebuoy. In the background, a helicopter is visible, suspended in the air. The sky is overcast and grey, and the sea is dark and choppy. The overall scene suggests a harsh, cold environment, likely in the Arctic or Antarctic regions.

Are Vessels Over or Under Insured?

Who's asking?



Conclusion



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